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SESSION 1946

HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

TUESDAY, JULY 16, 1946

WEDNESDAY, JULY 17, 1946

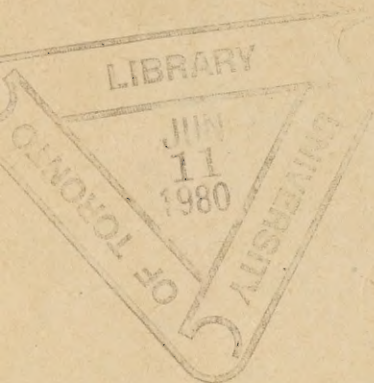
THURSDAY, JULY 18, 1946

WITNESS:

Mr. C H. Millard, Canadian National Director, United Steel Workers
of America.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946





ORDER OF REFERENCE

HOUSE OF COMMONS

Friday, March 29, 1946.

Resolved.—That the following Members do compose the Standing Committee on Industrial Relations:—

Messrs. Archibald, Baker, Beaudry, Belzile, Black (*Cumberland*), Blackmore, Brown, Case, Cote (*Verdun*), Croll, Daniels, Dechene, Ferguson, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Johnston, Lalonde, Lapalme, Lockhart, MacNicol, Maloney, Maybank, Merritt, MacInnis, McIvor, Moore, Pouliot, Raymond, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Smith (*Calgary West*), Viau.

Ordered.—That the Standing Committee on Industrial Relations be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Monday, 1st April, 1946.

Ordered.—That the name of Mr. Gibson (*Comox-Alberni*) be substituted for that of Mr. Reid on the said Committee.

Tuesday, 16th July, 1946.

Ordered.—That the said Committee be directed and empowered to investigate, immediately, all issues connected with and appertaining to the present industrial unrest in Canada, with power to call and examine witnesses under oath, and with power to call for persons, papers and records and take all essential evidence, and to report their findings and conclusions to the House;

And that the said Committee be empowered to sit while the House is sitting, and that the said Committee be further empowered to employ counsel to assist them in their deliberations.

Wednesday, 17th July, 1946.

Ordered.—That the said Committee be empowered to print, from day to day, 2,000 copies in English and 1,000 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

Ordered.—That the name of Mr. Howe be substituted for that of Mr. Brown; that the name of Mr. Beaudoin be substituted for that of Mr. Beaudry; that the name of Mr. Mitchell be substituted for that of Mr. Maloney; that the name of Mr. Charlton be substituted for that of Mr. MacNicol; that the name of Mr. Skey be substituted for that of Mr. Ferguson; and that the name of Mr. Adamson be substituted for that of Mr. Daniels on the said Committee.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORT TO THE HOUSE

Wednesday, 17th July, 1946.

The Standing Committee on Industrial Relations begs leave to present the following as a

FIRST REPORT

Your Committee requests that it be empowered to print, from day to day, 2,000 copies in English and 1,000 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

MAURICE LALONDE,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, 16th July, 1946.

The Standing Committee on Industrial Relations met at 10.00 o'clock p.m.

Members present: Messrs. Archibald, Baker, Belzile, Black (*Cumberland*), Blackmore, Brown, Case, Cote (*Verdun*), Croll, Gauthier (*Nipissing*), Gillis, Homuth, Johnston, Lapalme, MacNicol, Maybank, Merritt, MacInnis, Raymond (*Beauharnois-Laprairie*), Sinclair (*Vancouver N.*), Smith (*Calgary W.*).

In attendance: Rt. Hon. Mr. Howe, Minister of Reconstruction and Supply; Hon. Mr. Mitchell, Minister of Labour; Hon. Mr. Mackenzie, Minister of Veterans Affairs.

The Clerk informed the Committee of the unavoidable absence of the Chairman, Mr. Lalonde.

On motion of Mr. Cote, seconded by Mr. Gauthier (*Nipissing*),

Resolved,—That Mr. Maybank take the chair.

Mr. Maybank took the Chair.

On motion of Mr. MacInnis,—

Resolved,—That consideration of the steel strike be the first order of business.

On motion of Mr. Smith (*Calgary West*),

Resolved,—That an Agenda Committee be appointed consisting of five members to be named by the Chairman.

Mr. Case moved that the Chairman be authorized to employ senior and junior counsel.

Mr. MacInnis moved in amendment that the Chairman report his recommendations to the Committee.

The question being put on the amendment of Mr. MacInnis, it was resolved in the affirmative.

On motion of Mr. Brown,

Resolved,—That permission be sought to print 2000 copies in English and 1000 copies in French of the minutes of proceedings and evidence.

General discussion as to procedure to be followed was participated in by Messrs. MacInnis, Gillis, Homuth, Cote, Smith (*Calgary West*), Brown and Maybank.

By leave,—Hon. Mr. Mitchell suggested that officials of the Wartime Prices and Trade Board be heard, also representatives of people who, as a result of adjustment of their grievances, were not on strike.

The Acting Chairman undertook to communicate with possible witnesses for attendance at the next meeting of the Committee.

The Committee adjourned until Wednesday, July 17, at 4.00 p.m.

WEDNESDAY, 17th July, 1946.

The Standing Committee on Industrial Relations met at 4.00 p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gibson (*Comox-Alberni*), Gillis, Gingues, Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*).

In attendance: Hon. Mr. Mackenzie, Minister of Veterans Affairs.

On motion of Mr. Cote,—

Resolved,—That Mr. Maybank be appointed Vice-Chairman of the Committee.

Mr. Smith (*Calgary West*) moved that Mr. Millard and Mr. Hilton be summoned to appear as witnesses. Later, by leave, Mr. Smith withdrew his motion.

The Chairman read a letter received from Hon. Mr. Mitchell, Minister of Labour, in which the services of officers of that department were placed at the disposal of the committee. On motion of Mr. Smith (*Calgary West*),

Ordered,—That a letter of thanks be sent to Hon. Mr. Mitchell.

The Chairman read telegrams that were sent by the Vice-Chairman, Mr. Maybank, to Mr. Millard and Mr. Hilton.

The Chairman read a letter from the Hon. Mr. Mitchell, Minister of Labour, suggesting that the following gentlemen be heard:—

1. Honourable Mr. Justice Roach.
2. Mr. Arthur Brown, Vice-Chairman of Labour Relations Board (National) *re* P.C.1003 Labour Code).
3. Mr. C. A. L. Murchison *re* Wages Control Order P.C. 9384.
4. Mr. M. M. Maclean *re* manner in which disputes are handled.
5. Hon. Mr. Mitchell himself *re* a general report in regard to the steel dispute.

On motion of Mr. Cote,—

Resolved,—That the letter of Hon. Mr. Mitchell be referred to the Agenda Committee.

Mr. Gillis moved that this committee recommend the Minister of Labour instruct the controller to act within his authority as having all the powers of the boards of directors of the steel companies to enter into immediate negotiations with the Union with a view to settling the dispute as soon as possible, and further, that the minister make abundantly clear that the controller is not bound by any limit of ten cents, as regards an increase in wages, and finally, that the minister instruct the commissioner to act as conciliator between the controller as representing the companies and the Steelworkers' Union.

After debate, the motion of Mr. Gillis stood over.

The Chairman announced the personnel of the Agenda Committee viz: Messrs. Maybank, Croll, Smith (*Calgary West*), Johnston, MacInnis and the Chairman *ex officio*.

The Committee adjourned until Thursday, July 18, at 4.00 p.m.

THURSDAY, 18th July, 1946.

The Standing Committee on Industrial Relations met at 4 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote, (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson, (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

The Chairman read a letter of thanks he had sent to the Honourable Mr. Mitchell and telegrams received from Mr. Hilton and Mr. Millard.

The Chairman reported from the Agenda Committee recommending the appointment of Mr. Robinette as counsel, the furnishing of secretarial assistance for the chairman, and the order in which certain witnesses should be heard.

On motion of Mr. Croll,—

Resolved,—That the Agenda Committee report be adopted.

On motion of Mr. Homuth,—

Resolved,—That witnesses be sworn.

Distribution was made to the members present of a booklet containing:—

1. P.C. 2901, appointing Controller in steel industry.
2. Wartime Wage Control Order, 1943, P.C. 9384, as amended by P.C. 2432.
3. Wartime Labour Relations Regulations, P.C. 1003, as amended by P.C. 6893.
4. Rules of Procedure of Wartime Labour Relations Board (National).
5. P.C. 4020 providing for appointment of Industrial Disputes Inquiry Commission.
6. Statement of Department of Labour re developments in the steel dispute.

The Chairman announced that the officials of the Department of Labour were not prepared to give evidence to-day.

Mr. C. H. Millard, Canadian National Director, United Steel Workers of America, was called and sworn. He read a prepared statement and was examined thereon.

On motion of Mr. Smith (*Calgary West*),—

Resolved,—That witnesses be heard without interruption.

The Committee adjourned at 6.00 p.m. until Friday, July 19, at 4.00 p.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 17, 1946.

The Standing Committee on Industrial Relations met this day at 4.00 o'clock p.m. The Chairman, Mr. M. Lalonde, presided.

The CHAIRMAN: Order, gentlemen. I am very sorry I was not able to attend the first meeting of our committee because of very special circumstances; but you may be sure, gentlemen, that I will be here to co-operate with the committee in the performance of its most important duties. I want to thank Mr. Maybank who acted in my place yesterday.

As everybody knows our committee has no vice-chairman as yet, and I think it is in order to make a motion to appoint a vice-chairman.

Mr. COTE: I take pleasure in moving that Mr. Ralph Maybank be appointed vice-chairman. He presided at our first meeting yesterday.

Mr. DECHENE: I have much pleasure in seconding that motion.

The CHAIRMAN: Are you ready for the question?

Carried.

I understand also that yesterday you decided to appoint a steering committee of five members. I was informed by Mr. Maybank that he had not received from the different parties in the House the names of their representatives on this committee. I would be very glad to have those names as soon as possible in order that I may report them to the committee.

Mr. SMITH: My motion was this, that a steering committee be appointed by the chairman. I do not think there is any necessity for consulting the different parties in the House and having them suggest names, I think we generally leave that in the hands of the chairman and that is why I made the motion in that form.

The CHAIRMAN: I understand that I have to get in touch with the principal parties in the House and see whom they want to represent them on this steering committee.

Mr. SMITH: Oh well, that will be all right with me.

The CHAIRMAN: Gentlemen, I have received from the Honourable Humphrey Mitchell, Minister of Labour, the following letter which I think should be on the record:—

OTTAWA,

July 17, 1946.

Dear Mr. LALONDE:

It has occurred to me that the Department of Labour might be of assistance to the committee on Industrial Relations by assigning one of its officers to assist your secretary, Mr. John T. Dun.

If you wish this done, will you please so instruct.

The Department stands ready to assist and co-operate in any direction you may desire and my Deputy Minister, Mr. Arthur MacNamara, will be glad to confer with you or Mr. Dun.

When your committee appoints counsel, here, too, we will be very glad to give the counsel all possible assistance.

Yours very truly,

(Sgd.) HUMPHREY MITCHELL.

Mr. MAURICE LALONDE, M.P.,
Chairman of the Standing Committee on
Industrial Relations,
House of Commons, Room 521,
Ottawa.

Mr. SMITH: I will move that the letter from the Honourable Mr. Humphrey Mitchell be acknowledged with thanks.

The CHAIRMAN: You have heard the motion, what is your pleasure?
Carried.

Mr. HOMUTH: Mr. Chairman, some of the members of the committee are going to be at a certain disadvantage because of not being able to sit around the table. I wonder if this committee could not get a larger room.

Some Hon. MEMBERS: Hear, hear.

Mr. HOMUTH: I wonder if we could not get a larger room where members of the committee will be able to sit around the table and be perhaps in a little better position than they would be sitting back here; and I would suggest that the next meeting of the committee be called in a larger room where the members can sit around the table.

The CHAIRMAN: Is that agreed to?

Carried.

I understand also, gentlemen, that a motion was passed yesterday that the chairman report his recommendations as to the choice of counsel. I am informed that this choice has not been made yet but it will be made in the very near future, so I may be in a position probably to-morrow to tell you who he will be. In the meantime, I do not want to commit myself definitely on this question but prefer to make a report to the committee.

I have also here a question I would like to put to the committee: will counsel fee be debated; or, if not, will the committee authorize the chairman to determine the daily amount to be paid? Perhaps we had better discuss that matter now.

Mr. HOMUTH: Will you please repeat what you said?

The CHAIRMAN: Yes. Will counsel fee be debated; if not, will the committee authorize the chairman to determine the daily amount of the said fee?

Mr. GIBSON: Mr. Chairman, I would like to suggest that that be left to the steering committee.

The CHAIRMAN: Is that your pleasure, gentlemen?

Carried.

The committee has decided that the steering committee will decide the matter of fee for counsel.

Mr. Maybank informed me also that he had invited Mr. C. H. Millard, National Director of the United Steel Workers of America, and Mr. Hilton, Chairman of the Board of the Steel Company of Canada, to be present here to-day. We have not yet received a reply from Mr. Hilton, but Mr. Millard sent a telegram to Mr. Maybank in which he says it is impossible for him to be here to-day.

Mr. CÔTE: Read it, please.

The CHAIRMAN: It reads as follows:—

TORONTO Ont July 17 1946 925AM

Ralph Maybank MP
Ottawa Ont.

Received at Toronto Wednesday morning your telegram asking me to appear before parliamentary committee at Ottawa Wednesday afternoon which I regret is impossible stop I am pleased to observe that now for the first time in several months of negotiations during which we have kept government fully informed the steel dispute at length appears to be regarded as a matter of urgency stop Am confident Union will wish me to assist your committee in every possible way at earliest possible moment bust must point out that as long as government through controller Kilbourne continues strike breaking activity at Hamilton with incitement to violence and many other manifest illegalities government can only be regarded as direct partisan in this dispute and not in any sense as impartial investigator stop Would appreciate being advised of procedure proposed by committee and when other parties will attend.

C H MILLARD
*National Director United Steel Workers
of America.*

Mr. SMITH: Mr. Chairman, in view of the gratuitous criticism contained in Mr. Millard's telegram may I say this, this is not a government investigation, it is an investigation by the parliament of Canada, and I am going to move that Mr. Millard and Mr. Hilton both be subpoenaed to appear before this committee.

Some Hon. MEMBERS: Hear, hear.

Mr. HOMUTH: Mr. Chairman, I want to endorse what Mr. Smith has said. I said last night and I merely want to repeat, I did not think there ever was a committee set up with a more serious idea of doing something than this committee here to-day. If Mr. Millard could not answer a telegram asking him to be here without resorting to that type of, may I say "stump" which has caused so much trouble in the labour and industrial relations of this country, he could at least have been more courteous in his reply, and if that is the attitude that they are going to take the time has come when this committee and this House of Commons, not the government but the House of Commons, should take action; when this House of Commons must say to the people themselves what we are going to do and these are the laws by which you are going to abide. I am sorry that a telegram such as Mr. Millard has sent has come to this committee because I had hoped and I sincerely hope as I said last night, perhaps it was a false hope, but I had hoped that perhaps these men might have got hold of the fact that the whole House of Commons is concerned about the economic situation in Canada; and that they would have said since this has happened let us play the game with the Canadian people and let's go back to work and wait until something comes of this committee. Instead of that we get a telegram, as Mr. Smith has said, a telegram that is not conducive to a friendly feeling of co-operation. I endorse Mr. Smith's motion that these people be subpoenaed to come here and let them answer for themselves. I think the time has come that we as members of this Industrial Relations Committee chosen by the House of Commons to deal with the matter of urgent public necessity, the tremendous problem that we have, are not going to be defied by anybody and will not take any defiance from anybody whether it be management or union heads.

Mr. MACINNIS: May I just say this, that Mr. Millard did answer your telegram. Secondly, while it may have been a little indiscreet we have to

recognize the fact that Mr. Millard wrote that telegram in the heat of battle where things were not exactly normal; and regardless of what anybody may do or say on the outside and in this committee of the House of Commons, let us not get into a position where we are going to carry on recriminations and that sort of thing. I think that Mr. Smith's idea of summoning them here is proper, particularly in view of the fact that Mr. Hilton did not even signify his intention of coming or otherwise. Mr. Millard did say he was coming.

Mr. SMITH: I said, both of them.

Mr. MACINNIS: As I said before, we have to recognize the fact that when this telegram was written this man was on the picket line, and also with that that there is a difficult situation at Hamilton at the present time. A man who is beset by difficulties of the kind involved in this case is not going to write the kind of a telegram that he should write to this committee.

Hon. Mr. HOWE: May I say this: just before I came into the House I had a telephone message from Mr. Hilton who said that he was inside of the picket line and could not get out to come. He telephoned me and he said that he intends to come as quickly as he can get here. I am not suggesting that a subpoena be issued, unless that is the will of the committee.

Mr. CROLL: In view of what Mr. Howe has said I do think we might get off on the wrong foot. I certainly want to disassociate myself from the remarks made by the member for Waterloo (Mr. Homuth). I think we might get into hot water very quickly that way. It seems to me that we ought to start out by taking a conciliatory attitude.

Mr. HOMUTH: This is doing the same thing.

Mr. CROLL: Mr. Millard indicates that he is coming. Mr. Hilton is coming. They both would resent subpoenas at this particular stage, and we are not ready for them in any event until to-morrow, and we could always issue a subpoena a little later. These people are going to be here sooner or later, but I think we ought to approach them in a little more kindly way at this particular time. We can afford a day's time because we haven't our counsel ready, nor have we organized yet. For that reason I suggest to the committee that we are probably a little quick in taking drastic action if we issue subpoenas at this particular time. We might very well wait and see. They will probably be here to-morrow.

Mr. HOMUTH: What about that telegram there, didn't Mr. Millard say in part of it that he was not prepared to come here until the controller was taken off?

The CHAIRMAN: I do not think so. The telegram speaks for itself.

Mr. HOMUTH: I think perhaps it would be well if you read it again. I think he more or less indicated to the committee that as long as there was a controller in power he was not prepared to come.

Mr. CROLL: I do not think so.

Mr. COTE: Read it over again.

The CHAIRMAN: It reads:

TORONTO, Ont., July 17, 1946.

RALPH MAYBANK, M.P.,
Ottawa, Ont.

Received at Toronto Wednesday morning your telegram asking me to appear before parliamentary committee at Ottawa Wednesday afternoon which I regret is impossible (stop). I am pleased to observe that now for the first time in several months of negotiations during which we have kept government fully informed the steel dispute at length appears to be regarded as a matter of urgency (stop). Am confident union will

wish me to assist your committee in every possible way at earliest possible moment but must point out that as long as government through controller Kilbourne continues strike breaking activity at Hamilton with incitement to violence and many other manifest illegalities government can only be regarded as direct partisan in this dispute and not in any sense as impartial investigator (stop). Would appreciate being advised of procedure proposed by committee and when other parties will attend.

C. H. MILLARD,
National Director United Steel Workers of America.

Mr. McIVOR: Mr. Chairman, I do not think it would be a good thing to allow these men to get the notion that we are not here to help in an honest and honourable way. That is our purpose, no matter where we came from or what may be our corner. It is better to go the second mile ourselves than to ask the other fellow to go the second mile.

The CHAIRMAN: There is a motion before the committee to subpoena these men.

Mr. MACINNIS: Mr. Chairman, before that motion is put, I think we might take the point of view expressed by Mr. Croll, that perhaps we are hurrying the matter too much. I do not think there will be any difficulty in bringing Millard here without a subpoena. It is regrettable that he views a parliamentary committee as the government. This has nothing to do with the government as, I think, was pointed out by Mr. Smith, this is a committee of the House of Commons. When the committee reports its reports to the House of Commons, not to the government, and when the report is dealt with it is dealt with by the House of Commons. I do not think a subpoena is necessary at the moment. I would like to point something out to the committee, that Mr. Hilton got in touch, not with this committee, nor with its chairman, he got in touch with a special person who was not even a member of the committee at that particular time.

Hon. Mr. HOWE: May I point out in fairness to Mr. Hilton that he wanted to know what the name of the chairman was.

Mr. SMITH: Mr. Chairman, to keep peace and quietness in the committee, with the consent of my seconder, I will withdraw my motion, but at the same time I want to serve notice that if we do not get some satisfaction within a reasonable length of time I will move it again.

Mr. HOMUTH: As seconder of the motion may I say this; I say this very seriously. I have spent perhaps more years in parliament than any member of this committee—

Hon. Mr. MACKENZIE: What!

Mr. HOMUTH: More than you.

Hon. Mr. MACKENZIE: Oh, no.

Mr. HOMUTH: For over twenty-eight years I have been closely associated as a member of parliament—

Hon. Mr. MACKENZIE: I have been too, and I am proud of it.

Mr. HOMUTH: Well, Mr. Chairman, what I want to say is this, I have been one of those who have helped to pass laws. We pass laws because we believe they will help to solve the problems of our country; and I have never yet stood in the way of helping anybody, nor am I now prepared to have anyone defy the laws of our country. We have certain laws in this country and these laws form the basis of our society. I am not prepared to have anyone, I do not care who he may be, he may be the head of the biggest industry in

this country, he may be the head of the smallest union, or he may be anyone; I am not going to sit here and be one of those who pass laws to have someone defy those laws.

Some Hon. MEMBERS: Hear, hear.

That telegram from Mr. Millard was ill-conceived—it may have been that he wrote it in the heat of battle, as Mr. Gillis says—but the men who are leading a group of thousands of people in the heat of battle are the very men who should keep their heads. That telegram certainly is not conducive to a friendly feeling. I am prepared to second Mr. Smith's motion to withdraw the motion for the time being. I want to say right now, as a member of this committee, that if there are any people in this country who are going to defy this committee there is only one recourse to be had and that is to subpoena them; show them that we are dominant and that we are the law of this country.

Mr. BLACKMORE: Mr. Chairman, I should like to suggest that the hon. member for Waterloo—

Mr. HOMUTH: Waterloo South.

Mr. BLACKMORE: —Waterloo South when withdrawing his seconding of the motion also withdraw both speeches he has made and ask that they be expunged from the record. I wish to dissociate myself completely from those remarks in both speeches.

Mr. SMITH: Let us get on with our business.

Mr. MAYBANK: I did not understand when I heard the hon. member for Waterloo South speaking that way that he was speaking with reference to Mr. Millard who sent that telegram which was addressed to me.

The CHAIRMAN: Correct.

Mr. MAYBANK: I can quite understand that any person might think that Mr. Millard had used one or two sentences in there that he need not have used, but on the other hand there is nothing in his telegram that a man has not a perfect right to say, and I recall distinctly that I noticed with pleasure when the telegram came to me that one of the first notes of Mr. Millard was that he would certainly be glad to co-operate with us. Now, I think that is a thing we ought to take particular notice of in this telegram and not to seek out the things about which we can disagree. Rather, we should be pleased with the points on which we can agree and to take it in that respect at its face value. Surely we should not try to be too acute in trouble finding.

Carried.

The CHAIRMAN: I think it is in order, gentlemen, to put on the record the telegram sent by Mr. Maybank to both Mr. Millard and Mr. Hilton. They are the same telegram:—

As Acting Chairman of the Parliamentary Standing Committee on Industrial Relations, I have been requested and directed by the Committee to send you by telegram a request to be here to give such evidence as may be required to-morrow afternoon, Wednesday, July seventeenth, at four o'clock, or, if your presence at that hour of to-morrow is impossible, as soon thereafter as you can and to intimate to me by telegram when you will be available to give the required evidence before our Committee.

I shall not read the other one because the contents are the same.

Mr. ADAMSON: Where was Mr. Millard's telegram sent from?

Mr. MAYBANK: It was sent from Toronto but our telegram was addressed to Hamilton, to the Royal Connaught Hotel.

The CHAIRMAN: I received a letter from the hon. the Minister of Labour and I have a copy of it here. The original is in my office. I shall read the letter:—

OTTAWA, July 17, 1946.

DEAR MR. LALONDE:—

There may be some delay in the arrival of witnesses to appear before the committee and it might be helpful if you had something before you in this connection.

I would propose that tomorrow Honourable Mr. Justice Roach might be heard and given an opportunity to read to the committee his interim report in regard to the dispute in the steel plants. An interim report is ready. I think Mr. Justice Roach ought to be given an opportunity to present it himself.

Mr. Arthur Brown, Vice-Chairman of the Labour Relations Board (National) might be called to explain the background of P.C. 1003 (generally considered as the Labour Code).

Mr. C. A. L. Murchison might be called to explain the background of the Wages Control Order P.C. 9384. I should think his evidence should be confined to an explanation of how the order works and later on he could give evidence as to how the National War Labour Board dealt with the application for payment of the five cents differential at Dominion Steel Corporation.

Mr. M. M. Maclean could be called to explain how disputes are dealt with, when a commissioner is appointed, when a Board of Conciliation is appointed, and so forth. Here again I should think he should confine his evidence to a general explanation rather than a report on the dispute in steel.

Then, perhaps, at a suitable time I might give a general report in regard to the steel dispute. This could be based on a report I had ready to give the House of Commons, which I did not have an opportunity to present.

Mr. COTE: I think it would be in order for us to have this letter referred to the steering committee as the steering committee is master of the procedure of the main committee. I for one appreciate very much the suggestions made by the minister.

Mr. GILLIS: Mr. Chairman, while I appreciate the minister's motive in sending the letter to the committee, and I have no doubt that the interim report of the commission would be interesting and informative as would the appearance here of the departmental officials who would bring us up to date on the dispute, however, I have the same thought as the member who has just spoken, that the matter should go to the steering committee. I rise at this time, Mr. Chairman, to express a few thoughts. I do not think the steel dispute needs very much elaboration to the members of this committee; we have heard of it in the House of Commons for the last two and a half years at least, and all the machinery of the Department of Labour has failed to find a solution, with the result that the country to-day is faced with a crisis in the manufacture of steel which causes the whole economy of the country to be tied up. Now, arising out of that crisis this committee was constituted and given a definite task to perform.

Last evening when the committee was set up we decided that one of the first jobs we should attempt to do was to try to resolve the present difficulties in steel, to see if there was not some avenue open whereby we could get that industry back into production; and if the committee can succeed in doing that I think it will serve a useful purpose. Of course, after that we intend to go into a long-term program.

Now, I am going to suggest at this time that if it does what it is supposed to do we are not going to sit here and take a lot of evidence and that kind of stuff; I think we have to take some definite concrete action this afternoon with

regard to setting some machinery in motion that will contact the parties to the dispute in steel in an endeavour to get the organization back into production.

Now, in accordance with that thought, and in order to give the committee something to talk about, I am going to make a motion for the consideration of the committee—a motion that I think will set up certain mechanics which may bring the parties to the dispute together. In the meantime we can be taking evidence, while negotiations are going on on the outside, as to what brought about the steel strike and other considerations so as to devise some formula in this committee to bring the machinery in the Department of Labour up to date and to preclude anything like this happening in the future.

Mr. COTE: Would it not be in order to dispose of that letter before the hon. member puts his motion? I move that the letter of the minister be referred to the steering committee.

Hon. Mr. MITCHELL: May I say this to the meeting? I think everything was done rather hurriedly yesterday and we are getting an object lesson to-day that sometimes too much haste is not the best thing even in parliamentary committees or in labour disputes, and I had it in mind that probably both Mr. Millard and Mr. Hilton would find some difficulty in getting down here to-day. Now, counsel and assistant counsel for the committee have to be appointed; but I thought that the judge who has been sitting on this dispute might well be here to-morrow. I do not think you will have to subpoena him or do anything like that; if you ask him to come he will be here whenever we want him. There has been a great deal of loose talk—and I am not referring to members of the House of Commons—about wage control 103 and the other subject matters of labour policy. Now, I think there is nothing that the members could do better than hear a factual story from the executive heads or the officers, in some cases, of these organizations. By that course I think the committee will do something in the way of educating the public in the complexities and difficulties of settling labour disputes. That is the only reason I offered the suggestion, and I think it is a good one. As we go along it is only natural that the members will say, "What does this mean and what does that mean"? If you get their explanations and have them down on paper you will have a pretty fair idea how this machine functions. May I say that you will have a pretty fair idea how well the machine has functioned in the last three or four years.

The CHAIRMAN: Is Mr. Cote's motion carried?

Carried.

Hon. Mr. MITCHELL: Before you go further may I say that on Monday we should have before us the people from Nova Scotia, from DOSCO; both sides if necessary should be asked to come here as well as the people from Sault Ste. Marie. I think they should be notified to be on hand to give evidence when required.

Mr. GILLIS: I agree with the minister in that regard; I think all those concerned should be here.

Mr. SMITH: Let us move that.

Mr. BLACKMORE: Would that not be the work of the steering committee?

Mr. GILLIS: I was concluding my remarks before and I intend to make a motion. I do not want to take up any more of the time of the committee than necessary. I am pointing this out, that the government did take some steps with regard to resolving this dispute when they passed order in council 2901. Now, the controller placed in the plants has certain authority that, in my opinion, he has not exercised as yet, and it is in order to get that controller and the commissioner working that I am going to move this motion so that something may be done on the outside while this committee is deliberating here; because it is on the outside that this strike is ultimately going to be settled.

I move, seconded by Mr. MacInnis that this committee recommend the Minister of Labour instruct the controller to act within his authority as having all the powers of the boards of directors of the steel companies to enter into immediate negotiations with the Union with a view to settling the dispute as soon as possible, and further, that the minister make abundantly clear that the controller is not bound by any limit of ten cents, as regards an increase in wages, and finally, that the minister instruct the commissioner to act as conciliator between the controller as representing the companies and the Steelworkers' Union.

Now, there is nothing new in that. That simply means that the machinery already provided by the government with regard to the settlement of this dispute should be put into action and something should be done about it, other than appoint the officials and have them look at the fight from the outside. They have certain specific duties and certain authority under that order in council; and in my opinion they have not exercised those duties or that authority yet. I believe if they take the authority they have under that order in council there is a possibility of getting an agreement between the controller, those representing the companies, and the Union. I was looking at this morning's *Globe and Mail* and the difference there is between the wages now paid and the wages demanded is very small—really not sufficient to hold up an industry such as the steel industry at this time. I believe if there is an honest effort made by the controller to get the parties concerned together to resolve their difficulties, as far as wages and conditions are concerned, they would not be very far apart. Therefore, Mr. Chairman, I make my motion for the consideration of the committee.

The CHAIRMAN: Mr. Gillis moves, seconded by Mr. MacInnis:—

that this committee recommend the Minister of Labour instruct the controller to act within his authority as having all the powers of the boards of directors of the steel companies to enter into immediate negotiations with the union with a view to settling the dispute as soon as possible, and further, that the minister make abundantly clear that the controller is not bound by any limit of 10 cents, as regards an increase in wages, and finally, that the minister instructs the commissioner to act as conciliator between the controller as representing the companies and the steel workers' union.

That is the motion which is before the committee.

Mr. SMITH: May I say that I agree with the spirit expressed in the leading paragraph of that motion; but is it not a fact that the passage of that motion would be a criticism both of the government and of the controller. And that being so, I cannot favour it.

I think that the minister would, no doubt, do everything that has been asked for in that first paragraph without any motion from us. It may be that he has done it already. If so, I have no doubt he will continue. At the moment I am far from anxious to vote for any motion which might be a criticism of either the minister or the controller. I agree with Mr. Gillis when he says that steps should be taken, but I think the minister can be trusted to carry out the spirit of Mr. Gillis' recommendation without our going on record in respect to the matter.

Mr. CROLL: May I point out to the committee that I cannot agree entirely with Mr. Gillis' motion. The first part of it, up to the word "negotiations", I think, expresses the view of the committee, but not when he goes on that the "minister make abundantly clear that the controller is not bound by any limit of 10 cents, as regards an increase in wages". I have here P.C. 2901, which sets forth the duties and the powers of the controller referred to by Mr. Kilbourn. Paragraph 3 of the order in council, reads as follows:—

3. The said controller shall have the custody and control of such property and assets of each of the companies as he in his uncontrolled discretion and judgment may deem necessary in order to manage, operate and carry on the business of each of the aforesaid companies and he shall, for such purposes, have and exercise the powers, authorities and rights of the board of directors of each of the said companies.

The only limitation is in paragraph 4, which reads as follows:—

4. The controller shall exercise the foregoing powers and authorities subject to such instructions and directions, if any, as may from time to time be approved by the Governor in Council.

I agree with what Mr. Smith has said, that it would seem to be an indication that we are laying down a mode of procedure for the people who sit around the table. Our purpose is to bring these people together. The controller has all the powers which Mr. Gillis tries to give him in this motion. My suggestion is that Mr. Gillis take out the words: "That the controller is not bound by any limit of 10 cents, as regards an increase in wages", and leave in "the minister shall instruct the commissioner to act as conciliator between the controller as representing the companies and the Steelworkers' Union." I think that is the general intention and I suggest we make that change. I do not think we will divide on that either.

Mr. GILLIS: I put in that 10 cents deliberately because I think it has been a point of confusion all the way through the negotiations and one which made it very difficult for the controller to operate. It has been announced in the House and in the press that the government considers anything over a 10 cent increase at this time to be inflationary. The Steel Workers' Union do not consider the 10 cents adequate. I asked the minister if the 10 cents in this steel dispute was mandatory, and the minister said it was not. So the controller already has the power to meet the War Labour Board and recommend above that 10 cents. However, that point is not clear in the minds of the public and in the minds of the Steel Workers' Union, so I deliberately wrote it in there.

I am not moving this motion by way of criticism or by way of recrimination: I am merely expressing the thought that this committee has made an assessment of all the points in dispute. They are attempting now to clarify them and assist the Minister of Labour in clarifying them. I think if a motion of that kind were carried, it would, perhaps, enable the controller to do now what he has not been able to do since his appointment. He may be able to get together with these people, and they will know that he is not bound or in a straight jacket, but has the necessary authority to resolve the dispute when they meet with him. I put in that 10 cents deliberately, so the minister would make it clear when issuing his instructions that there was no limitation, and that he was authorizing the controller together with the conciliator and with the unions, with the end of resolving the dispute on its merits without any limitation upon the controller.

Mr. HOMUTH: I wonder, if, perhaps, we are not confusing the issue that is before this committee. When we start to deal with cents per hour, we are trying to go out and settle strikes. I think Mr. Smith, in the House yesterday, made it abundantly clear that this committee was not set up for the purpose of settling strikes but for the purpose of avoiding strikes and trying to work out some policy which all the members of the House would agree upon whereby we would avoid the chaotic industrial relations that we have in this country.

Now, Mr. Gillis has referred to the statement made by the minister regarding the 10 cents an hour and so on. I think we are starting off on the wrong foot with the idea that we are going to sit here and settle the steel strike, that we are to be the negotiators, that we are to deal as between management and worker and settle the strike. I do not think that is the idea of this committee

at all. It was stated plainly yesterday, and the Prime Minister agreed, that as members of the House of Commons we are going to set up some machinery whereby we would avoid strikes and get away from this chaotic condition that we have in this country to-day. I think if we follow Mr. Gillis' motion, almost immediately we set ourselves up as a tribunal to settle the steel strike, and I do not think that is our function at all.

Mr. GILLIS: But that is what brought us together.

Hon. Mr. MITCHELL: Mr. Gillis' motion is not different from the terms of the order in council. I will read you section 10 of P.C. 2901. It reads as follows:—

10. The commissioner, the Honourable Mr. Justice W. D. Roach, will continue with his duties as an Industrial Disputes Inquiry Commission as aforesaid, and the bargaining representatives of the aforesaid employees and the companies shall continue their negotiations with a view to the settlement of the matters presently in dispute between them and shall negotiate in good faith with one another and make every reasonable effort to conclude a settlement.

That is one of the reasons why I think it might be wise—after all twenty-four hours is neither here nor there—to wait until Mr. Justice W. D. Roach comes here tomorrow, which I hope the steering committee will so recommend.

Let me say this: I am a minister of the Crown and I cannot break the law. Now, gentlemen,—please wait a minute, Carl—I am in a different position from that adopted by some people. We already have wage machinery that has been established for the purpose of passing upon these increases. Every increase, to my knowledge, except those that get under the wire, as they sometimes do, is passed through the machinery of the regional and national board. Whatever Mr. Justice Roach was able to do with this dispute, by the very nature of things, would have to go through that machinery. The reason why I mentioned the 10 cents in the House of Commons is this, that the amount had been approved by a number of regional boards, in this country. The bulk of industry from one end to the other of this country was settled very much on that basis except in the Prairie Provinces where, I understand, it was 8 cents. The pulp and paper industry did the same thing, and the International Nickel Company at Port Colborne and at Sudbury. I think in making that observation I was on sound legal grounds.

Mr. CASE: That does not bind the controller's hands.

Hon. Mr. MITCHELL: Absolutely not. I do not think that anybody should be afraid to go before decent people and plead a case, if he has got a good case. I have used that argument before. I used it in connection with the Ford strike, which brought forth the Rand formula. I said to both sides: No one should be afraid to come before an impartial citizen and plead a case, if he has a good one. And that settled the dispute.

Mr. CASE: I was going to observe that I was much in sympathy with what Mr. Gillis brought up in his resolution, but I am wondering if it is in order. I have, as a newcomer and a green horn, listened to what has been said here, yet the first motion we have before us is one giving the minister a sense of direction as to what he shall do. Should this committee take upon itself to instruct the minister what to do? Although the objective is worthy and worthwhile, I doubt if we are in order.

Mr. MACINNIS: As the seconder of this motion, I would like to say a few words. I wish we would try to keep to the question at issue. So much has been said here that I find it difficult to keep to the question myself. Let me make it quite clear, that what has happened in Canada during the last six months is

that we have put a premium upon action by force. Organizations that went through the usual course of procedure, got a raise of two cents an hour, according to law. But organizations that did not do so, got 15 cents an hour.

The question has been raised that we were suggesting something that the controller already had the power to do. Quite true. He is pointed out in this resolution to act within his authority as having all the powers of the board of directors; but he is not acting within his powers. There have been no negotiations taking place. What we would want to do by this motion is to get negotiations going and to get the people meeting face to face and dealing sincerely with each other in regard to their problems. I believe that is the way to settle such problems.

I have not discussed this matter with Mr. Gillis, but if the phrase here "is not bound by any limit of 10 cents", is an obstacle, then I am quite willing to see it taken out. We do not need to quibble at little things like that. The important thing is to get these parties together. May I point out that when this committee was appointed, we were to deal with industrial relations. I say that particularly for the benefit of Mr. Homuth.

Last night I proposed a motion that the steel dispute be the first order of business until we had finished it. The committee accepted that motion and we are dealing now with the steel dispute. This is one step in an effort to settle that dispute. May I say that I am getting to the age where I tend to be a conservative, I suppose.

Mr. HOMUTH: Angus, that will be some day!

Mr. MACINNIS: I mean conservative spelled with a small "c" and without the "p". I gave the utmost consideration to this resolution. I considered it this way and that way for fear that we might do something that would prejudice the work of this committee. I think this motion is made with the intention that it should help us along. Mr. Case has raised the point that we are not instructing the minister. I think we should follow the usual procedure: I think this should go forward as the second report of the committee, when it would be put in the proper language for tabling in the House, and then moved. I think that would be the proper thing to do and I would urge the committee to accept it.

Mr. MAYBANK: Without dealing with the merits of the matter at all, it is quite apparent that the motion would, at this moment, divide the committee. We are just starting out. Is it wise to cause anything that would force an issue? I think we should try to keep as nearly unanimous as possible in everything we do. But if the committee were to divide, then the mover and the seconder of the resolution must know that the motion would not carry. Would it be to the advantage of the situation in general to have brought that about? I do not think it would. I think there is a great deal of merit in everything that has been said, but I do not think we will do well to start our labours in division. That is all I have got to say about it. I would urge, upon that ground, that we wait a little to see if things do not develop well, rather than to start out in divided lines.

Mr. GILLIS: Might I say, as the mover of this motion, that it certainly was not our intention. I have not heard anyone who has spoken give any indication that he would vote against it. On the other hand, if this was accepted, as Mr. MacInnis suggests, and was put in the proper language and tabled in the House, it would be an indication to those on the outside that we are endeavouring to get together, and that the committee has taken action. Then it would be realized that there is some machinery, on the outside, that may be brought to work. We are merely suggesting, in this report, that they do get together and that we have actually done something. That is the intention behind this. After that is out of the way, we can continue our deliberations. If the committee is going to justify its existence, it must start to do something. That would be a concrete

step. It is not asking the minister to make any revolutionary moves. It merely emphasizes the order in council and suggests to him that he give a further push to the machinery in order to get people together. If the 10 cent feature is a stumbling block, we are quite ready to take it out.

Right Hon. Mr. HOWE: That is not the only crises, unfortunately, that faces the government. I do think that before the committee takes a stand, they should hear a report from the conciliator; and I would urge our friends to postpone their motion until we do hear Mr. Justice Roach tomorrow and find out what has been done. After that we will know whether it is wise to order the controller to start conciliating, or whether the conciliation office should carry on with its work.

Mr. LOCKHART: Mr. Gillis, I would certainly have to vote against that resolution. I really think that by Monday we can get into operation here fairly reasonably anyway. I would not like to see any discordant note thrust into this meeting. I think that Mr. Maybank has very wisely put into a few words the feeling of most of us. We think that we should make haste slowly here. We think we should wait a day or two anyway, until we can see the trend of things in general, and then begin to speak in strong language if we wish. That is what I urge. I say to Mr. Gillis that I would certainly have to vote against that resolution myself, as one.

While I am on my feet, may I just point out to you, with all deference, that there is a telegram here from Mr. Millard, and I think that telegram requires an answer. I think he has rather asked for certain direction and I think that matter should be attended to either by the steering committee or otherwise, before this committee adjourns.

The CHAIRMAN: I would point out that I received this telegram just before three o'clock this afternoon. I shall send a reply as soon as we are through our meeting.

Mr. MACINNIS: To avoid any further discussion upon this, I am content that the resolution lie on the table until some future occasion.

The CHAIRMAN: Carried.

Mr. BAKER: Mr. Chairman, would it be possible to have the present legislation and orders in council dealing with these labour matters made available to all members of the committee so that we can study them?

Carried.

The CHAIRMAN: I understand by that that you mean the orders in council mentioned in Mr. Mitchell's letter?

Mr. BAKER: Yes, all present orders in council and legislation.

Mr. HOMUTH: Mr. Chairman, I think it would be well to go back to the very beginning, say 1939, and let us have all these orders in council up to date, the freezing orders and so on, and provide a copy for each member of the committee.

Hon. Mr. MITCHELL: I think, Mr. Chairman, I might start out by giving you a copy of the latest order in connection with this matter, the labour code, and also wage control—right up to date, 1, 2, 3, etc.

Mr. HOMUTH: Might I say to the minister that if he has for instance the cost of living bonus orders in council all the way through from 1939 on, we should also have the freezing order on wages; in short, I think we should have copies of all these orders all the way through from the start.

Mr. MAYBANK: Mr. Chairman, while I was still acting as chairman, and before you came into the picture, Mr. MacNamara 'phoned to me and indicated that a representative of his department would be assigned to assist in any way, and he made the suggestion that he might perhaps very well operate right from the clerk's office and collaborate with the clerk's office, and I should think that

he would probably be the one to act as a sort of distributor of such information, taking note of what has been said here to-day. We could safely leave it with that representative of the Department of Labour to give out to us all and sundry the information of the kind mentioned.

Agreed.

The CHAIRMAN: Gentlemen, as far as the steering committee is concerned, if you will permit me I will give you the names of the members: Mr. Maybank, Mr. Croll, Mr. Smith, Mr. Johnston, Mr. MacInnis, and the Chairman of the committee ex-officio. Is that agreeable to the committee?

Carried.

Mr. COTE: Mr. Chairman, is it agreed that Mr. Justice Roach is to appear to-morrow?

The CHAIRMAN: I think that is a matter which had better be left to the steering committee.

Mr. HOMUTH: I think perhaps the steering committee might not be able to get in touch with us so I think we had better understand where we are to meet to-morrow, and when.

Mr. JOHNSTON: I would suggest that we meet at four o'clock in the afternoon.

Mr. HOMUTH: I think we ought to meet in the morning.

The CHAIRMAN: It is up to the committee to decide.

Mr. HOMUTH: I do not know why a member should be asked to sit here in committee day and night if it can possibly be avoided. I think we ought to sit mornings and afternoons. I would suggest that it be to-morrow morning.

Mr. CROLL: Just a minute, if you please. In view of what you said I think I should say this, that some of us have got to straighten out with our other committees within the next day or so; no doubt you will appreciate that we have some work to do, so give us a chance to wind up on them so we can devote all of our time to this committee.

Mr. COTE: I move that we meet to-morrow afternoon at four o'clock.

The CHAIRMAN: What is your pleasure, gentlemen?

Carried.

The committee adjourned at 5.10 o'clock p.m., to meet again to-morrow Thursday, July 18, 1946, at 4.00 o'clock p.m.

HOUSE OF COMMONS,
July 18, 1946.

The Standing Committee on Industrial Relations met this day at 4 p.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Gentlemen, on July 18 I sent the following letter to Mr. Mitchell:—

The Honourable HUMPHREY MITCHELL, M.P.,
Minister of Labour,
Ottawa, Canada.
Dear Mr. Minister,—

I am grateful to you for your letter of July 17, addressed to me as Chairman, in which you very kindly offer the services of your departmental officers to assist the House of Commons Committee on Industrial Relations.

I read your letter to the Committee yesterday when your offer was immediately accepted as per the following:—

On motion of Mr. Smith (*Calgary West*), Ordered,—That the letter from the Honourable Mr. Humphrey Mitchell be acknowledged with thanks.

Yours truly,

MAURICE LALONDE,
Chairman.

Standing Committee on Industrial Relations.

We have also received two telegrams. One is from Mr. H. G. Hilton, of the Steel Company of Canada, Limited, addressed to the acting chairman of yesterday, Mr. Ralph Maybank, which reads follows:—

Regret delay in reply your wire due to fact I was in plant with our employee ordinary access to and from which as you probably know is prevented by mass picketing contrary to law. Our company will welcome the opportunity to present its case to your committee but due to an unavoidable set of circumstances it will be impossible for me to be in Ottawa until Monday next. Would appreciate your advice as to whether you can give me a definite appointment for that day.

H. G. HILTON,
The Steel Company of Canada Limited.

I sent a telegram to Mr. Hilton inviting him to be here on Monday or Tuesday next. We also received a telegram from Mr. C. H. Millard, addressed to Mr. Ralph Maybank, M.P., Chairman, House of Commons Industrial Relations Committee, Ottawa, reading as follows:—

We are informed that parliamentary Committee on Industrial Relations will hear Commissioner Roach Thursday at four. We are trying to arrange our affairs to have a number of our national advisory committee including self in attendance. In accordance with my previous telegram we are prepared to assist the committee in whatever way we can.

C. H. MILLARD.

I think Mr. Millard is here.

Mr. CROLL: Yes.

The CHAIRMAN: The steering committee met twice to-day, at 10.30 this morning and at 2 o'clock this afternoon.

Your agenda committee begs leave to present the following as a first report:—

It is recommended:—

1. That Mr. J. J. Robinette, of Toronto, be retained as Counsel.
2. That Mr. Maclean or Mr. Eric Stangroom of the Department of Labour be the first witness.
3. That Mr. C. H. Millard be the second witness.
4. That Mr. H. G. Hilton be the third witness.
5. That the Chairman of the committee be furnished with secretarial assistance.

Respectfully submitted,

MAURICE LALONDE,
Chairman.

Mr. HOMUTH: Mr. Chairman, what is the name of the counsed?

The CHAIRMAN: J. J. Robinette.

Mr. CROLL: I move the adoption of the report.

The CHAIRMAN: Mr. Croll moves the report be concurred in.

Mr. GAUTHIER: I second that.

The CHAIRMAN: Mr. Gauthier seconds the motion. Is it agreed?

Carried.

I understand that the officials of the Department of Labour are not ready to appear today. On account of the importance of the work involved, they just asked me to postpone their evidence. Is it agreeable to the committee that the evidence that was to be given by the officials of the department right now be postponed till tomorrow?

Mr. COTE: Or a later date.

Mr. MACINNIS: Mr. Chairman, on that point, may I say that my understanding of the recommendation of the steering committee was that the official from the Department of Labour was not going to give evidence. He was going to outline the mechanics of the Department of Labour for settling labour disputes.

The CHAIRMAN: You are right.

Mr. MACINNIS: I should imagine that this information would be at their finger ends because it is their everyday work. I have no objection to its lying over, but it seems strange to me that it cannot be made today.

The CHAIRMAN: It was understood, if I am correct, that the officials of the Department of Labour would come here and give just an ordinary background of the machinery existing today in the Department of Labour as far as the settlement of strikes is concerned, without any personal opinion of any kind.

Mr. HOMUTH: Mr. Chairman, I think perhaps we should be very careful about saying that there is not going to be any opinion expressed. I think possibly when the officials of the Department of Labour come here we may have some questions to ask them as to perhaps why there has been delay in certain cases, why there have been two or three years, perhaps, go by without a decision having been made. While it is not any personal opinion of theirs, nevertheless I think it is part of the whole machinery, as Mr. MacInnis said, of the labour set-up and the set-up with regard to the settlement of strikes. There may be some questions which we will want to ask, perhaps, with regard to the delay or the fact that decisions have gone over a period of time without any definite decision being made. We may want to ask some questions in regard to that.

The CHAIRMAN: The object of this move, Mr. Homuth, was that the steering committee thought that the members of the committee would be glad to know how this machinery worked in the Department of Labour. If I used the word "evidence" I apologize. I should have said rather that the officials of the department were going to—

Mr. COTE: Make a statement.

The CHAIRMAN: Yes, give a statement regarding the internal machinery of the Department of Labour. Do I understand that it is agreeable to the committee that this statement be postponed?

Mr. SMITH: Mr. Chairman, may I make a suggestion with respect to that. I think the persons who come before this committee are necessarily all witnesses. I do not think that the officials should be precluded from giving opinions. In my judgment, experienced people are entitled to give opinions which may be of very great benefit to all of us who are sitting here. I want to make myself very clear on that. We are a committee, and I feel that we are all charged in our minds and consciences with our responsibility of seeing to it that everyone who

comes here puts his best foot forward. You will find no cross-examination in that sense of the word, nothing of any harshness, so far as I am concerned. I am only concerned with getting the best we can and assisting people to put their position forward. That applies equally, it seems to me, to the departmental officials who are in charge of our present machinery. So I am suggesting that you just leave that matter open in the meantime, Mr. Chairman. If some of us get a leg over the traces or something of that kind, I am quite sure you will take care of us in your usual manner. But I want to make plain what I conceive to be my duty—and what I hope other members of the committee think to be their duty,—and that is to assist everybody to give us the best position they can in order that our judgment may be reasonable and just.

Mr. MACINNIS: Mr. Chairman, there was nothing in what I said that would debar us from calling witnesses from the Department of Labour. We are confusing two things. What we were asking to do, or what the steering committee had in mind was that someone from the Department of Labour would come and give the members the mechanics of the Department of Labour for dealing with industrial relations. After we had heard that, as the evidence is heard from either or both sides, if we decide to ask a person from the Department of Labour to come as a witness, then the whole matter is open. But this first one is not a matter of opinion; it is merely a matter of a statement of the mechanics.

Mr. McIVOR: Mr. Chairman, I think we should follow out the programme given to us by the steering committee and get right down to business.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: I just asked the committee if it is agreeable to them that the statement of the officials of the Department of Labour be postponed until tomorrow or later?

Some Hon. MEMBERS: Carried.

Mr. BLACK: I do not see any justification for this request for postponement. I should like to know why they are asking that it be postponed. Surely you are not going to keep a committee such as this waiting to suit their convenience. Unless we get justification for that, I cannot see why it should be done.

Mr. CROLL: In fairness, and as a member of the steering committee, may I say that we came to the conclusion at 2.30 or 3 o'clock this afternoon. Mr. MacInnis's statement gave it fairly. We thought someone would come here and say, "Well, in a case of dispute, this is what happens and there are the mechanics." They have something in mind that Mr. Smith has in mind, that they would likely be questioned beyond that, so they are making ample as preparation as possible to deal with it fully. I think under the circumstances, having such short notice as they have, the request is not unreasonable. Nothing will be lost if they come in tomorrow. The committee can go on with the second part of the business, which will not affect the first part at all, and we can hear from Mr. Millard right away.

The CHAIRMAN: All right. Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: The sixth item on the agenda is a question that has been discussed at length by your steering committee and it is my duty to put it before the committee. Shall the witnesses be sworn?

Mr. JOHNSTON: Yes.

Mr. HOMUTH: Shall what, Mr. Chairman?

The CHAIRMAN: Shall the witnesses be sworn? Your steering committee has not come to a definite decision on that, preferring to leave that question to the whole committee to decide whether we should establish a rule that every witness should be sworn when he appears before us. Is somebody moving that all the witnesses should be sworn?

Mr. HOMUTH: Mr. Chairman, I feel that this committee is perhaps more important than any other committee of the House. When we have a public accounts committee set up and other committees, we swear the witnesses. We are dealing with matters of tremendous importance to this country and I think that the witnesses ought to be sworn.

The CHAIRMAN: You move that?

Mr. HOMUTH: I would move that the witnesses be sworn when they give evidence before this committee.

Mr. ROSS: I will second that.

The CHAIRMAN: It is moved by Mr. Homuth and seconded by, Mr. Ross. Carried.

I have pleasure in introducing to the committee Mr. C. H. Millard, Canadian Vice President of the United Steel Workers organization.

If you will permit me, before proceeding may I say that we have some documents for the members of the committee. Yesterday Mr. Smith, I think, or somebody else, moved that the members of the committee should be furnished with some documents, namely the orders in council, the law and so on.

Mr. COTE: Mr. Baker moved that.

The CHAIRMAN: In accordance with your wish, gentlemen, the Department of Labour has prepared a booklet in French and English for the convenience of members and copies will be distributed.

Mr. HOMUTH: I wonder if perhaps we could clarify this matter for the benefit of members of the committee first? We are calling Mr. Millard, Mr. Justice Roach and others to this committee. Is it the wish of the committee—and I think this should be clarified—that they should be permitted to make statements without any interjections or any interruptions?

The CHAIRMAN: That is up to the committee to decide.

Mr. HOMUTH: If they were allowed to make their statements, after the statements are made we could question them on their statements. I think perhaps in order to have an orderly procedure we ought to have a decision on that matter. Personally I would suggest that whoever comes before this committee might have the right to make his or her statement and then, after the statement is made we, as members of the committee, may question on it. I would suggest further that any person coming before this committee and making a statement should be advised to have sufficient copies of the statement printed or typed so that each member of the committee might have one, which can be very easily read and questioned on afterwards.

The CHAIRMAN: I will now call on Mr. Millard.

Mr. SMITH: Before Mr. Millard begins, I want to agree only in part with Mr. Homuth. It is very obvious that Mr. Millard has had no opportunity whatever in this short time to give us any written statement.

Mr. CROLL: He has one.

Mr. SMITH: Oh, I am glad to hear it. I do agree that we should permit the witness to make his statement without interruptions. May I move the latter, so that it will be part of our proceedings?

Mr. BLACKMORE: I second the motion.

Mr. SMITH: I am moving that the witnesses who come here be permitted to make their statements without interruption and that questions be reserved until they shall have finished.

The CHAIRMAN: Is that carried?

Carried.

Mr. C. H. Millard, Canadian National Director, United Steel Workers of America, called and sworn.

By Mr. Robinette:

Q. Mr. Millard, for the purposes of the record, I understand that you are director of the United Steel Workers of America?—A. Canadian national director.

Q. You are Canadian national director. And your union is involved in the strikebound plants at Hamilton, Sault Ste. Marie and Sydney—A. Correct.

Mr. SMITH: Mr. Chairman, I think we have got to have a better arrangement. We cannot hear back here at all. Could not the counsel get a little further away?

Mr. ROBINETTE: Yes. I am sorry. The reporter has to hear also.

By Mr. Robinette:

Q. You have been invited by the committee to come before them, and I understood from you that you have a prepared statement that you wish to read?—A. Yes, I have.

Mr. SMITH: I gather that this is Mr. Robinette, Mr. Chairman?

Mr. ROBINETTE: That is correct, Mr. Chairman.

By Mr. Robinette:

Q. Have you copies of the statement for the committee?—A. I have copies, I believe, sufficient for every member of the committee. I might ask the indulgence of the committee because it is rather a rush job. I did not know that I was to appear before this committee until 11.30 this morning. We have done our best to compile a preliminary statement of the case, and it might serve as a basis to the members of the committee for any questions they might like to ask.

Mr. SMITH: I think you did very well to get anything prepared.

The WITNESS:

The United Steelworkers of America appreciate the opportunity of appearing before the Industrial Relations Committee of the House of Commons:

Most of the union's negotiators, drawn from our National Advisory Committee, are here today. My colleagues here with me are:—

Mr. Foreman Waye, Acting Director of District 5.

Mr. William Mahoney, an International Representative and Recording Secretary of Local 2251, Sault Ste. Marie

Mr. Clarence MacInnis, Vice-President of Local 1064, Sydney

Mr. Alfonso Murray, an International Teller and Financial Secretary of Local 1231, Trenton

Mr. E. B. Jolliffe, K.C., Canadian General Counsel for our Union

Mr. W. F. Cleve Kidd, Research Director

Mr. Murray Cotterill, International Representative in charge of publicity

We are prepared to assist the committee in every way we can and to explore all possible avenues of settlement.

We advised your committee yesterday that we would be in attendance today, but did not learn until 11:30 this morning that you would hear us today. This brief submission is therefore limited to a general outline of our case, which we would be prepared to supplement at subsequent sittings when we would also be prepared to submit evidence. Of course we would be pleased to answer questions arising out of this preliminary statement.

At the outset we wish to point out that the emergency which has now arisen brings general recognition of the fact that steel is a basic industry of national scope and national importance.

During the war years and since, steel has been so recognized for all practical purposes *except in labour relations*.

Unfortunately, in the field of labour relations and collective bargaining, the industry has been dealt with on a local or regional basis. That has become the policy of federal and provincial authorities and also the policy of the companies, except for a few days in January 1943, when a spontaneous strike closed the plants at Sydney, Trenton, and Sault Ste. Marie. Then, for a few days, and only until the men were persuaded to return to work, the industry and its problems were dealt with as they ought to be dealt with, on a national basis.

The workers in the industry are organized in an International Union, one of the largest in the world, and in the Canadian wing of that union, which has autonomy for Canadian purposes with its own national director as well as two district directors, all three of whom are members of the International Executive Board, elected by secret ballot of the Canadian membership.

Ever since December 1941, the Union has asked for national recognition such as was granted in the shipbuilding and mining industries, so that collective bargaining and other proceedings in labour relations could be conducted on a national basis and not in piecemeal fashion.

During the steel strike in January 1943, we were assured by the Prime Minister in the presence of the cabinet that the government would recommend the designation of steel as a national employer. Relying on that assurance and others, we persuaded our members to end the strike. We regret to report to you that in spite of every effort on our part, steel has not yet been designated as a national employer.

We will now attempt to summarize for your information the union's program in the present dispute, and then the events leading up to the strike. Time does not permit us to advance our arguments and evidence this afternoon.

THE UNION'S PROGRAM

The Union's program or policy was adopted by a conference representing the rank-and-file of the Canadian locals, meeting at Quebec City in October, 1944, 20 months ago. It may be summarized as follows:

1. National recognition and national labour standards for the industry, which already enjoys national price standards.
2. The establishment of a tripartite national council for the industry, representing labour, management and the public.
3. Union-management production committees.
4. A national minimum guaranteed annual wage of \$1,750.
5. A 40-hour work-week as soon as sufficient manpower becomes available.
6. Two weeks' vacation with pay.
7. Union security.

These objectives were considered necessary and desirable by our members, subject of course to modification through the normal processes of collective bargaining.

The Union's national officers were entrusted with the task of negotiating for a settlement which could be recommended by them to the membership for acceptance. Since February 1, the officers have acted with the counsel and support of the National Advisory Committee.

The break-down of negotiations one week ago was not a new or sudden development. We have been engaged in negotiations and other proceedings for the past six months or more. For example, our negotiations with the Steel Company of Canada began in the first week of January.

At all times during these six months of negotiations and other proceedings, we have endeavoured to keep the Department of Labour and the three companies fully informed at every step of all our proposals and intentions.

Realizing our responsibilities we not only endeavoured to keep the government and the Companies fully informed; we did our best, starting more than three months ago, to explain the problems of the industry and the program of the union, to all members of Parliament, to the entire press of the nation, and through them to the general public which is so vitally interested.

Over a very long period of time, we tried to reach settlement by persuasion and explanation. We used all the machinery available. We explored every avenue known to us that might lead to settlement.

When a commissioner was appointed on June 11, some weeks after it had been first discussed, we postponed the action we contemplated for another month, and more. The commissioner was to report within 30 days, which would expire on July 10. We postponed the giving of notice until after that date, and made it effective only when it was apparent that negotiations with the assistance of the commissioner had failed.

We should add that during the three years leading up to April of this year, our steelworkers had shown great patience in waiting month after month and year after year for full implementation of the memorandum of understanding arrived at with the government in January, 1943.

This involved many cases before the Regional Boards of Nova Scotia and Ontario, and appeals to the National Board. The 1943 settlement is not yet fully implemented.

Our position now is that a satisfactory settlement of the present dispute and the establishment of harmonious relations in this industry can be achieved only if the terms of the settlement are implemented without delay and if the settlement includes workers in the subsidiary and branch plants of the three companies.

✓ CHRONOLOGY OF EVENTS

The national program of the union on wages, hours of work, vacation with pay and union security was established by the policy conference held in Quebec City, October, 1944.

The Union first submitted the program in its entirety to The Steel Company of Canada in Hamilton early in January, 1946.

The campaign was really launched at a meeting in Hamilton when the National Advisory Committee was constituted on February 2, 1946. Shortly thereafter the union joined the National Wage Co-ordinating Committee of the Canadian Congress of Labour.

Negotiations with The Steel Company of Canada in Hamilton failed and the union applied under P.C. 1003 for intervention to conclude an agreement. In due course a board of conciliation was established under authority of the Minister of Labour. This board began its hearings in Hamilton on April 8. It adjourned on April 10 to meet again on April 24. It then adjourned to allow time for the parties to negotiate on wages and hours of work.

The union and The Steel Company of Canada met several times for this purpose, but no progress could be made. This was reported to the Board of Conciliation on May 7. The Board thereupon decided to cease further direct activity and stand by, making itself available if required at some future date. An interim report was subsequently made by the Board, leaving aside the major issues in dispute.

On May 8, 1946, the union met representatives of the Algoma Steel Corporation in Toronto to discuss wages and hours of work. The company made no effort and nothing was accomplished.

The union then went to Sydney on May 21 to discuss the issues with Dominion Steel and Coal Corporation. As in the case of Algoma Steel Corporation, the company made no offers and negotiations were fruitless.

The National Advisory Committee of the union met in Toronto on June 9 to decide on a future program to be followed and postpone strike action. All other efforts having failed, the Minister of Labour appointed a Commissioner under P.C. 4020 on June 11 to report within thirty days. The commissioner

met union representatives several times privately but no meeting of the parties was held until June 28, some seventeen days after the appointment of the commissioner.

On June 29, the National Advisory Committee of the union met in Toronto. The committee issued a statement to the effect that it would again meet in Hamilton on July 11 and that if satisfactory progress towards a settlement was not made by noon of July 12, the national director would be authorized to give appropriate notice at that time to the three companies that strike action would be taken shortly thereafter.

The commissioner met the National Negotiating Committee of the union and the Algoma Steel Corporation in Sault Ste. Marie, July 4, 5, and 6.

On July 8 and 9, the commission met The Steel Company of Canada and the union in Hamilton.

On July 11 and 12, the commissioner met the Dominion Steel and Coal Corporation and the union in Montreal.

July 10, the Federal Government appointed a controller and three deputy controllers for three of the plants of the companies involved.

July 11 and 12, The National Advisory Committees of the union met in Hamilton. The hour of noon July 12 having passed, the union dispatched identical telegrams to the three companies advising work would cease by 7.00 a.m. Monday, July 15 in the three basic plants at Hamilton, Ontario, Sydney, Nova Scotia and Sault Ste. Marie, Ontario. The union offered to cooperate with the companies in maintaining plant and equipment.

During the period outlined above, for some time previously, the union had been conducting negotiations with Canadian Tube and Steel Company, a subsidiary of Dominion Steel and Coal Corporation in Montreal, and with three plants of the Steel Company of Canada, namely, Canada Works in Hamilton, and St. Henry Works, Montreal, and Lachine Works. Little if any progress towards a settlement has been accomplished in these instances.

We want to assure this committee that no one is affected more seriously by a strike than the strikers themselves and their families. Further, we plead with the gentlemen of the committee not to accept the erroneous suggestion that this strike was called arbitrarily by a few people.

A strike vote was taken throughout the union as far back as April and May. The results of that vote were overwhelmingly in favour of authorizing the international officers and Canadian directors to take whatever steps were necessary, including strike action, for the achievement of our wage-hour program. The votes were as follows:

Total eligible	25,440
Yes	21,831
No	1,114
Spoiled	83

Algoma

Eligible	3,594
Yes	3,302
No	189
Spoiled	10

Sydney

Eligible	4,106
Yes	3,437
No	293
Spoiled	18

Stelco

Eligible	3,853
Yes	3,114
No	80
Spoiled	2

Thus there can be no question about the clear mandate which the workers gave their union.

Furthermore, our union has established as democratic machinery as possible. We have a national advisory committee representative of all our locals and a negotiating sub-committee equally representative. We keep in continuous and frequent touch with the executives and membership of each local.

There is therefore no question of rule from the top. Even less is there question of the strike having been imposed. In fact, the problem which faced the union officers was to keep the workers patient until now.

The first point to emphasize in this connection is that throughout the last few years we have kept the government and the Department of Labour fully informed of every development. At every stage we offered and gave our fullest co-operation.

As far back as March 25, I wrote to the Prime Minister and my letter began:

On the occasion of the National Steel Car strike in Hamilton and again during the steel strike in January, 1943, you stated to my colleagues and myself that you would like to be informed of such developments before they reached a state of crisis.

In case you have not been informed by the responsible Ministers, I consider it to be my duty to bring two important matters to your attention.

After outlining the situation I concluded:—

To sum up, we believe that the government has the public responsibility requiring it to bring about the establishment of a National Steel Industry Council and the designation of steel as a national industry.

I feel sure that if these two important steps are taken without further delay, much will have been done to avoid what now seems like another and certain crisis in our Canadian steel industry.

Even before that, on February 28, I wrote the Deputy Minister of Labour and in that letter I stated:—

I have on more than one occasion assured Prime Minister King and members of his Cabinet that we are most anxious to co-operate in this critical period of postwar reconversion. We have counselled our people to be patient and as moderate as possible in the demands made to meet their most pressing needs. I feel that they are entitled to more consideration than has yet been given to the first step towards dealing on a national basis with the problems with which they are confronted.

Again on May 28 I wrote the Director of Industrial Relations of the Department of Labour, outlining the failure of the negotiations with the companies and concluding with the words:

In view of what is happening in other industries and the attitude of our employers, the prospect for adequate wage, hour and vacation standards without a showdown are far from bright. We find it necessary to complete preparations for whatever may develop in the next few weeks.

On June 24 I again wrote the Deputy Minister expressing our concern and disappointment over the slow progress made by the Commissioner. The following excerpts of that letter are of particular interest:—

I tried unsuccessfully to reach you or M. M. Maclean by long distance telephone Saturday morning last. Both your secretaries reported that you were in a most important conference and couldn't be disturbed. Following a two-hour interview with Commissioner Roach on Friday afternoon, it seemed advisable and proper for me to tell you that we are definitely disturbed over the progress the commissioner is making and the procedure he proposes to adopt.

While I personally questioned the propriety of selecting an Ontario Supreme Court Judge for a commissioner, especially when the court is short three judges and does not recess until June 30, nevertheless, in spite of the fact that other union directors said it was hopeless, I counselled our people to be patient and to co-operate with the commissioner in a last attempt to negotiate a settlement of our claims and thereby to avert another major strike.

. . . I am meeting our National Advisory Committee on Saturday afternoon, June 29. I believe you will understand that, under the circumstances, I cannot reasonably recommend the further exercise of patience and co-operation unless we can be assured of joint negotiations with our employers and some reasonable wage, hour and union security proposals without delay.

It is my understanding that the appointment of a Commissioner for our industry meant that the companies would be brought together with us at once. It was our sincere hope that, since the steel employers had received a generous price increase, effective April 1 last, and since wage-hour adjustments approximating our demands have already been made in other Canadian industries, we would reach a settlement with our employers without resort to strike action. It was our hope, also, that the Commissioner would conduct negotiations in such a manner as to assist the employer to recognize the value and timeliness of a joint or tripartite industrial council for the Canadian Steel industry, at this critical time.

I regret very much that I cannot be more optimistic, but I believe that failure to express our disappointment at this point would be irresponsible and misleading.

The Deputy was kind enough to reply to the letter immediately and in it he said:—

The national interests are in jeopardy if a strike occurs in steel and I do appreciate your co-operation in the matter. You have my assurance that no stone will be left unturned to bring about a satisfactory arrangement.

Finally, I wrote the Deputy Minister on July 1 and clearly stated as follows:—

I was informed yesterday that you have advised representatives of the United Rubber Workers to accept Judge Cameron's recommendations and that you indicated our union was likely to accept a 10 cent offer. There must be some misunderstanding about the matter. I must again make it clear that there is not the slightest possibility of our union accepting anything less than the Sloan settlement in regard to wages and hours and the Rand formula in regard to union security.

We cannot be a party to the establishment and continuation of one standard of living in B.C., a lower standard in Ontario, and still lower standards in Quebec and the Maritimes.

The above are only a few of the letters which passed between the union and the government. There were many more in addition to telegrams, numerous telephone conversations and a considerable number of personal interviews.

We therefore submit respectfully that there was, and could not be any excuse for the delay in the appointing of a commissioner, for the choice of a busily occupied justice who was unable to start meetings for 17 days after his appointment when the term of his commission had more than half expired, or for the last minute appointment of a controller without any new or reasonable proposals to the union.

The appointment of the controller gave the union no new opening. On the contrary, the terms of his appointment and the information we received seemed to close the door even more tightly.

The following two telegrams are of importance. The first is one which I sent to the minister on reading press reports about the appointment of a controller and the second is the deputy's reply.

HAMILTON, July 11, 1946.

HON. HUMPHREY MITCHELL,
Minister of Labour,
Ottawa, Ontario.

Understand from press reports you announced yesterday appointment of controller for steel plants by order in council, text of which has not been received by us although our representatives in Ottawa requested copy of text yesterday. So far as can be ascertained from press reports order in council does not represent any real change in the situation or produce any satisfactory progress towards settlement of dispute with three steel companies. It has also been noted by our committee that your statement yesterday seemed to endorse ten-cent settlement, which is proposal of Steel Company of Canada and which, as we have repeatedly made clear for some months, is entirely unacceptable to members of our union. It has also been noted by our committee that both government spokesmen and Commissioner Roach have from time to time endorsed and supported Company proposals for increases of ten cents an hour or less. In view of government approval recently of fifteen-cent increases in British Columbia our committee deeply regrets that government and commissioner now give support to inadequate offers made at the eleventh hour by steel companies in Eastern Canada. Our committee had hoped that government and Commissioner Roach would be impartial in this dispute, having regard to the substantial price increases granted to the companies in April. Committee now hopes that gesture of appointing controller is not merely attempt to place the authority of government behind inadequate offers hitherto made directly by steel companies.

C. H. MILLARD, *National Director*,
United Steelworkers of America.

OTTAWA, July 11, 1946.

C. H. MILLARD,
National Director, United Steelworkers of America,
Care of Royal Connaught Hotel, Hamilton.

Re telegram and telephone conversation, minister has already arranged with controller that an application be made for an increase of ten cents per hour in three plants, effective immediately. This leaves for discussion with commissioner the question of retroactivity of wage increase and, if commissioner so recommends, the controller will make further application. Commissioner will also have to make recommendation on matter of union security, hours of work and other issues in dispute. Question of differential at Sydney is, as you know, in the hands of National Board and I am assured that board is giving it sympathetic consideration and I am confident a solution satisfactory to you will eventuate. Copy of order in council appointing controller has already gone to you by mail today and you will by this time have received wire in that connection. I am sending both to your Toronto office and to Royal Connaught Hotel, Hamilton, fifteen additional copies of the order in council.

A. MACNAMARA.

In short, the appointment of the controller was an attempt to impose the ten-cent increase and close off any further negotiations as to wages, the fact that the government knew that the union was not prepared to accept that figure.

There was therefore no alternative but to carry out the mandate given the union by the membership.

We are as anxious today as we have always been to resume negotiations and we shall welcome any proposal or suggestion this committee can make toward achieving a just and reasonable settlement.

I may say to the members of the committee that this is respectfully submitted.

By Mr. Cote:

Q. Before the committee proceeds to examine the witness on his statement, I notice that the witness has prefaced his statement by introductory remarks which could be completed if the witness would care to give some information on his personal background, his vast vocational activities, so as to identify himself with the committee in a better way. I ask him to do that if he cares to do so.

Mr. MacINNIS: Mr. Chairman, I do not know what is implied in that question, or if it is implied that every witness who appears before this committee has to give a biography; and if such is the case what is the value of such evidence before the committee? If such evidence is put in I have no objection to it, but I am wondering why the witnesses should have to give a character for himself or whatever it is. What is the purpose?

Mr. COTE: There is absolutely no implication in my question. I happen to be one of those who are meeting the witness for the first time today, and I simply suggest that he give us some additional information about himself if he cares to do so. Of course, I cannot force the witness to do so.

The WITNESS: Well, it might be what the committee member has in mind for me to say that I am a Canadian citizen, born in St. Thomas in 1896. I am a veteran of World War I, having served as a sergeant-major in the infantry overseas. I have lived in Canada all my life except for the time I spent overseas and occasional visits to the United States in connection with union activity. I have been associated quite actively in church work; and in 1937, the time of the Oshawa General Motors strike, I was actively engaged in trade union work in more or less of an official or semi-official role from that time, having been elected as the union president of the local in Oshawa and then having gone on as international representative, international board member of the United Automobile Workers' Union, a Canadian C.I.O. representative; and since 1940, director of the Steelworkers' Union of Canada, first by appointment and secondly by election of the members in Canada. Is there anything else?

By Mr. Smith:

Q. You have also been a member of the legislature in Ontario, have you not?
—A. Until the people of West York found out who I was.

Q. I have a number of questions to ask, and my suggestion is that the witness, if he cares, should be allowed to sit down. These questions, as I indicated, are purely for an explanation or expansion of the remarks which you have made. If you will turn to page 4, at the bottom of the page, I see you say: "The breakdown of negotiations one week ago was not a new or sudden development. We have been engaged in negotiations and other proceedings . . ."; what do you mean by other proceedings, or is it just verbiage?—A. Before the conciliation board and then, of course, before the commission.

Q. If they all were negotiations— —A. I tried to distinguish between negotiations directly with the company and other proceedings which involved negotiations indirectly with the company.

Q. In the middle of page 5 I see these words: "When a commissioner was appointed on June 11 some weeks after it had been first discussed, we postponed the action we contemplated . . ." I suppose that action was strike action, was it?—A. Yes, it was.

Q. The second last paragraph on that page: ". . . the memorandum of understanding arrived at with the government in January 1943." Is that a written memorandum?—A. It is a written memorandum of understanding contained in the order in council No. 689.

Q. At the bottom of the page you say: "The 1943 settlement is not yet fully implemented." In what way?—A. It was obviously the memorandum understanding that the principle of uniformity was to prevail, and we have all the rates now in the three basic plants or the three basic corporations in their basic plants—that is in their steelmaking plants—we have all the rates, day rates in uniformity, with the exception of the production workers in Sydney, Nova Scotia, who have been working for 5 and 4 cents an hour less than the comparable workers in Sault Ste. Marie over a period of—since January 1943.

Q. Will you turn now to page 6, the second last paragraph, the third line: "In due course a board of conciliation . . ."; who were the members of that board—Mr. Gordon R. Munnoch, K.C., Counsel for the Steel Company of Canada: Judge N. A. Miller, J. S. D. Tory, K.C., J. A. McGuire of Ottawa?

The WITNESS: That is correct.

By Mr. Smith:

Q. I assume it was a written report?—A. They had an interim written report.

Q. And I suppose, Mr. Minister, that would be available?

Hon. Mr. MITCHELL: Yes.

By Mr. Smith:

Q. Turning to page 7 you say: "On May 8, 1946, the union met representatives of the Algoma Steel Corporation in Toronto . . ." On May 21 you discussed the matter with Dominion Steel. Am I correct in saying from the brief discussions I have had with you in assuming that one of your major difficulties has been that you have not been able to meet the three managers at one time?—A. I would say that is the chief difficulty.

Q. I am going to go right along with it. The chief difficulty of this whole picture is that you met STELCO at one time and DOSCO at another time and Algoma at another?—A. Yes.

Q. And you have never had an opportunity of talking with all three at the one time?—A. Not in negotiations. The only place we came close to that was when Commissioner Roach had a preliminary meeting of the company representatives and ourselves to map out procedure for the commission, but no negotiation took place at that time.

Q. Why have you not been able to meet the three of them at one time?—A. When the conciliation board that is mentioned here in the preliminary statement was sitting at STELCO at Hamilton the judge expressed a desire for the STELCO management to see if the other management would meet jointly with him to try and iron out this question of wages, and the STELCO general manager, Mr. Gillis, agreed to try to get the other companies to meet. At a subsequent meeting of the conciliation board Mr. Gillis reported that he had attempted to get the other employers to meet with him but his attempts had been unsuccessful.

Q. Let us go back. Prior to that time did you, as director of the organization, endeavour by your own efforts to meet these three companies at one time?—A. Yes, we have.

Q. In other words that role is not confined to since Judge Roach's time; that has been your attitude from the beginning, that you wanted, so to speak, to stick your feet under the table and see what you could do?—A. Correct.

Q. Now, in the second paragraph on page 7 you say: "The union then went to Sydney on May 21 to discuss the issues with Dominion Steel and Coal Corporation. As in the case of Algoma Steel Corporation, the company made no offers and negotiations were fruitless." What did they in fact do? They made no offer; what did they do—just say "Good morning, gentlemen," and "Good-bye"?—A. We had a very friendly meeting with the management. I would like to explain to members of the committee that I attempted to negotiate with the head office of the corporation and I was referred to Sydney, to the general manager, Mr. Anson, by Mr. Cross, president of the Dominion Steel and Coal. When we got down there we were courteously received and had a friendly meeting. I outlined the entire proposition of the union and when we had finished Mr. Anson replied to the members of the national negotiating committee and the members of the local negotiating committee who were in attendance with us that they had every sympathy with our entire program, but unfortunately they were in no position to do anything about any of the matters that we brought up for discussion. We had their sympathy, but nothing else.

Hon. Mr. MITCHELL: Did they say why?

The WITNESS: They said they were unable.

Hon. Mr. MITCHELL: Did they say why?

The WITNESS: Because of a great number of disabilities.

By Mr. Smith:

Q. I will suggest a couple of reasons if you want me to. Did Mr. Anson mean for financial reasons?—A. I would say yes; that is my opinion.

Q. That is the answer you got; that they were unable to afford it?—A. Yes.

Q. We may as well discuss this differential now. You have referred to the 5-cent differential with respect to one class of employees at DOSCO with respect to the other two. What reasons are given for the maintenance of that differential?—A. Well, chiefly the reasons given are metallurgical problems they have suffered from; the distance from their markets and the lack of working capital, apparently. The condition of their industry does not permit them to meet the demands. I would like to reply a little further in regard to that matter and say they do meet on an equal basis so far as the maintenance employees are concerned—several hundred of them.

Q. I suppose your position is that persons engaged in the same industry—two Ontario plants and one in Nova Scotia—could compete by efficiency and salesmanship any way they wished but you do not want them to compete with the differential in labour; is that your attitude?—A. It is one of the principles of our union organization that wages must not be a competitive factor.

Q. Perhaps I did not put it correctly. You do not mind competing in the manufacture but not with the wages of the workers?—A. That is correct.

Q. Now, coming to the bottom of that page you say: "The commissioner met the national negotiating committee of the union and the Algoma Steel Corporation . . ." and so on. On July 4, 5 and 6 they met the Algoma Steel Corporation; on the 8, and 9, they met the Steel Company of Canada. I assume that was in Hamilton?—A. Yes.

Q. And on the 11th and 12th you met DOSCO; that was in Montreal?—A. Yes.

Q. To make it very plain, since the first meeting, your preliminary meeting with the commissioner, you have never met these three concerns at the one time? A. Correct.

Q. I wish you would turn to page 9. You say, "We want to assure this committee that no one is affected more seriously by a strike than the strikers themselves and their families." I take it that in simple language what that means is that when a man is not earning money he has no income, and that if he is out for any considerable time, even with an increase, it will take him quite a considerable time to make that up?—A. That is right.

Q. Does your organization provide strike pay?—A. We provide welfare in needy cases.

Q. But not as a general thing?—A. Not strike pay as such.

Q. I wanted to ask another question and you can answer it or not, as you wish. What are your union dues?—A. The union dues up until recently have been \$1 a month. They have been recently raised to \$1.50 per month.

Q. That is within this year?—A. This last summer.

Q. In the next paragraph you say, "A strike vote was taken throughout the union as far back as April and May. The results of that vote . . ." and so on. You then quote the result in the following paragraph. Was that a secret ballot?—A. That was a secret referendum ballot open to every member in good standing only.

Q. Open to every member in good standing. How was it taken? Would you give us a little detail on that?—A. In most cases—I believe in every case they had an election committee, usually the same committee that is looking after the election of local union officers or looking after the election of international officers and directors. That committee was given the number of ballots for which they were accountable, and the man either had to show his union card in good standing or be recognized on the roll of the union as in good standing before he received a ballot. Then he retired and marked it in secret and placed it in the ballot box. It was counted by the election committee and the results were made known to the union.

Q. Then you say these votes were as follows: "total eligible 25,440; yes, 21,831; no, 1,114; spoiled, 83." Does the 25,440 correspond nearly with your total membership in good standing?—A. Within 7,000 or 8,000. There will be 7,000 or 8,000 additional members who did not participate in the vote.

Q. How does that figure, "eligible, 25,440" compare with the total number of workers in the plant?—A. Oh, it would be easily 75 per cent of the total number in those particular plants.

Q. I want to ask you this. Do you endeavour to totally organize the plants like the coal miners are organized, for example, or are there some classes of labour of plants which are not organized?—A. The bargaining unit in most cases takes in everyone below the rank of foreman. We have some exceptions to the rule where there are craft groups organized and under contract with the employer and they are excepted from the contract. Otherwise we cover all employees below the rank of foreman.

Q. In short, below the rank of foreman you endeavour to organize them all even though some craft union may be among their number. Is that the situation?—A. Yes.

Q. You have mentioned a number of delays, and that you have had interviews with various people,—governments, employers and so on. I assume in the natural course of things that when you have discussions with various people there is a certain amount of confidentiality. I think I heard someone use that word in connection with these meetings. In other words, you cannot go back to your men and say, "I saw the Minister of Labour and such and such a conversation took place." I am not saying that critically, I think things are very well done sometimes when people do speak in confidence. But is that true with respect to some of your negotiations?—A. I would say that there were occasions when it was understood that the proposals made or the suggestions given were given in confidence and did not carry any official weight behind

them,—suggestions or more or less thinking together on certain questions. But I have tried as far as possible to avoid as many confidential conversations as possible because I feel that as a representative of labour I must report back to my people those things that are given to me.

Q. Yes, I am agreeing with you there. I am not going to ask you what they were. You need not worry about that part. What I had in mind in this, that dealing with a great number of men, as you are, there are occasions when suggestions have been made that you cannot publicly go back and give them. That, just in the natural course of things, is true, is it not?—A. In some instances, yes.

Q. I want you to turn to page 12. We have already covered that. That first paragraph deals with your inability to meet them all at once. You refer them to a tripartite industrial council, in the last line, for the Canadian steel industry. Would you explain that a little bit?—A. Mr. Chairman and members of this committee, the Steel Workers Union in Canada is greatly interested in this question. I might say that the I.L.O., which is the International Labour Organization, has by action of its international conference established international committees in certain basic industries such as iron and steel, mining and transportation. Those committees are being established for the purpose of finding out what are the world's facilities, what are the world's markets, and trying to apportion the world's business in iron and steel so that it can be operated on an equitable and some kind of planned basis throughout the world.

Q. It sounds like a cartel.—A. It has been our hope that in Canada we could have a corresponding national committee made up of representatives of labour, the appropriate union or unions—in this case there is only one union operating in basic iron and steel,—and the employers representative of the various divisions of the industry such as primary iron and steel making, fabricating and foundries, and representatives of the public and government, in order that we could sit down and arrange the industry in such a way that it could operate efficiently to take care of our export and domestic needs. We have been attempting for some years, through direct negotiations with the government, to have such a committee established. We have through the Canadian Congress of Labour since 1940 been attempting to have such a committee or council established in the steel industry. But so far our attempts in this regard have been unsuccessful. Under the regulations under which we operated during the war there was opportunity for designation of certain industries as national employers; and we have attempted on several occasions through the Department of Labour and by direct application to the War Labour Board, and subsequent to the steel strike in 1943, to be so designated for the steel industry in Canada. I say that all our attempts in that regard have been fruitless up to the present time. We have no hard and fast rules or ideas regarding such a council. We believe that such a council should be established and that it should work out the manner in which it can function in the best public interest in Canada. I wonder if that answers your question?

Q. It does very well. But would you not go a little further with that? Have you not some idea of the rules under which such a council might operate or would you prefer to leave the making of their laws or their rules as they go along?—A. I believe the rules would have to be jointly made if they are going to be jointly carried out.

Q. By the council?—A. By the council itself, with the assistance of government.

Q. You would not want any right of veto in any one individual, would you, or anything like that?—A. No.

Q. If you look a little further down the page you will see, "I was informed yesterday . . ." and so on, and that is where you refer to the 15 cents to the logging industry in British Columbia. You say that you wrote that it was clear

you could not accept 10 cents here and 15 cents out there. Have you worked out what that means in percentage? In other words, is one a 15 per cent increase, or at least an increase of such and such a per cent, and how does the other one compare with it? What I am getting at is this. It does not mean a great deal to me to say that wages have been increased 15 cents in one place and only 10 cents in another place. Owing to conditions, the wages differ very greatly. You follow me, do you not? In short, how does steel compare with logging in the matter of wages?—A. Most of our rates are predicted on the base rate and the base rate in logging was 67 cents an hour and to that now has been added 15 cents an hour, plus overtime after 44 hours. The base rate in steel, with the exception of the lower rate in Sydney, Nova Scotia, in the fabricating end of the industry, is $64\frac{1}{2}$ cents. So that we would have to have $17\frac{1}{2}$ cents to catch up with the base rate in the logging industry. They received 15 cents on 67 cents, and we are asking a minimum of 15 cents. Our objective is $19\frac{1}{2}$ cents base on $64\frac{1}{2}$ cents.

Q. That is exactly what I want to get at. Your base rate was lower than the logging rate?—A. To start with.

Q. The increase you got was 10 cents and the increase they got was 15 cents. Does that explain it?—A. The differential had been widened.

Q. That is a simple statement of fact, is it?—A. Yes.

Q. Thank you. That is all I have to ask, and I think I have lived up to what I said. I merely wanted to expand it.

By Mr. MacInnis:

Q. Mr. Chairman, I have very few questions I would like to ask Mr. Millard. On page 6 you refer to the setting up of the conciliation board under P.C. 1003. You say that the board met on April 8, adjourned until April 10, and then adjourned on that date to meet again on April 24. What was the reason for those long adjournments and was it possible to discuss anything during the very brief periods of time that the board was sitting?—A. Mr. Chairman, if it would suit the members of the committee, I believe there are others here who will be able to give you those details, because I did not attend that conciliation board meeting.

Q. Then in the next paragraph: "The union and The Steel Company of Canada met several times for this purpose, but no progress would be made." What was the particular obstacle to making progress between the union and The Steel Company?—A. The two obstacles were the question of wages and hours coupled together, and the question of union security. Every negotiation bogged down at that particular point.

Q. Did The Steel Company, on this occasion, make any effort as to an increase in wages?—A. They finally made an offer of $5\frac{1}{2}$ cents an hour.

Q. This was after the increase in the price of steel allowed by the War-time Prices and Trade Board?—A. Some time after.

Mr. HOMUTH: Did he say the offer was made after that?

Mr. MACINNIS: Yes, after that.

Mr. HOMUTH: After the price of steel had been set?

By Mr. MacInnis:

Q. Yes. On page 7, in the second paragraph: "The union then went to Sydney on May 21 to discuss the issues with Dominion Steel and Coal Corporation. As in the case of Algoma Steel Corporation, the company made no offers and negotiations were fruitless." Did the Dominion Steel and Coal Corporation say why it would not, or could not make an offer?

Mr. SMITH: He covered that when he said they could not afford it.

By Mr. MacInnis:

Q. Was that the definite reply, or was it that they could not make an offer until they had some idea as to what offers were made by The Steel Company of Canada and the Algoma Steel Corporation?—A. No, it was the Algoma Steel Corporation that said they could not make an offer until they knew what offer was made by the Steel Company of Canada. The Sydney people told us that they could not make an offer because they were operating at a loss, and they were, therefore, in no position to pay more money.

Q. In the next paragraph on the same page: "All other efforts having failed, the Minister of Labour appointed a Commissioner under P.C. 4020 on June 11 to report within thirty days. The commissioner met union representatives several times privately but no meeting of the parties was held until June 28 . . ." Why this long adjournment at a critical time?

The CHAIRMAN: I must intervene in this question. I think it is my duty not to permit hearsay evidence. The witness is called under oath, and the question is relating to facts; unless he states that he himself knows, he should not be permitted to answer that.

By Mr. MacInnis:

Q. You will understand that I am not a lawyer, and I do not know how to ask a question so that I may get the answer without the witness knowing what I am asking. I am asking a direct question. I presume that the witness was engaged in these discussions with the commissioner; that on June 11, or whatever date they met privately with the commissioner when the adjournment was taken, and they did not meet again until June 28, the witness would know definitely why the adjournment was taken. If he does not know, I do not want him to answer the question.—A. All I know about the matter is that we met at the request of the commissioner, and I was given to understand by the commissioner that his duties as a Supreme Court judge kept him serving on the bench in the Supreme Court during the last week of June, and I also understood from the commissioner that it was difficult to get the corporations together, and that the first opportunity that that could be done would be on Friday, June 28.

Q. Up until June 28, although the Minister had appointed this commissioner to consult as between the parties of the dispute, you were unable to get a meeting with the employing companies?—A. Right.

Q. On page 10 you quote from a letter addressed to the Prime Minister, drawing his attention to the fact that the undertaking of January 23 had not been implemented or lived up to. Did the Prime Minister reply to that letter?—A. I am quite sure I received no reply to that letter.

Q. On the same page you quote from a letter to the Deputy Minister. Did the Deputy Minister reply to your letter?—A. I am not sure. I will check on that matter and be prepared to answer that question later.

Q. Just one further question. Before the appointment of the controller on July 11 was a representative of the union consulted or advised that a controller was to be appointed?—A. I don't know whether the controller was appointed first and we were told afterwards. I believe we were told simultaneously that a controller was being appointed.

By Mr. Smith:

Q. I overlooked one thing. I made a note to talk to you about union security. What do you mean by that?—A. It is rather an involved subject. A measure of union security in one instance would not be union security in another instance.

Q. What kind did you want from the Steel Company?—A. We wanted a minimum of the check-off and union dues for the members of the union.

Q. In other words, by union security in this case you mean that no one could be employed at the plant unless he was a member in good standing of your union?—A. No, you are speaking of the closed shop; that everyone must either be a member of the union or be paying dues to the union under the Rand formula.

Q. Do you go so far as to say that you may have persons employed other than members of your union?—A. Yes.

Q. And do they pay anything?—A. We feel that persons enjoying the benefits of the union should also help to bear the expense of the union, even though they are belonging to the union.

Q. Have you any idea that this union security should be made statutory in Canada?—A. I think it should develop out of negotiations, but I do feel that where certification is granted that the union security should follow if the certified body is to be held responsible for this contract. It would flow out of legislation in that regard.

Q. Is this your principle, that if union security, to some extent, is granted by statute, there also should be corresponding union responsibility by statute?—A. I believe that as soon as a body is certified as a bargaining agency there is the responsibility immediately on that body to carry out these terms of agreement.

Q. What responsibility is there in the certification?—A. We have no contracts that we know of signed by employers that do not provide for strikes and slow-downs. It is impossible to carry that responsibility out in dealing with those members who are not disciplined by union rules and regulations.

Q. Let us assume that the union does not maintain its contract; it breaks it. Do you think there should be some responsibility imposed by statute on that union?—A. It all depends upon the manner of the breaking. For instance, if there is no union security, and no way of disciplining these non-union members, then I do not think the whole union should suffer.

Q. Let us assume that you have a contract with the Steel Company with the fullest kind of union security—check-offs and contributions. Let us go the whole way. Let us assume that the union breaks this contract. Do you not think that some responsibility should be imposed on it by statute?—A. I am quite sure that the labour movement is quite prepared to accept these responsibilities by statute or otherwise.

Q. Your answer is that the labour movement is quite willing to accept that responsibility either by statute or otherwise?—A. Yes.

Q. I want to ask you one more question. You said that in your judgment the main stumbling block in the settling of this difficulty between your union and the steel companies is because you have been unable to meet them together, and in the presence of some government authority?—A. Because we have failed to meet them in general negotiations. I do not know whether that should be in the presence of an authority.

Q. Because you have failed to meet them together in general negotiations, that has been your great stumbling block?—A. Yes.

Q. I want to ask you one thing more. \$5 advance in price was given to steel?—A. On April 1.

Q. Have you been able to find out from anyone what portion of that \$5 was labour's share?—A. I would like to answer that fully. One week, I think it was, prior to April 1, we learned, almost by accident, from the *Financial Post* that there were, in the making, some representations, or some idea of price increases in the steel industry. We had a delegation composed of the secretary-treasurer, Pat Conway of the Canada Labour Congress, and special representative Murray Cotterill wait upon the chairman of the Wartime Prices and Trade Board, Donald Gordon. They discussed the matter fully with Mr. Gordon as to the proposed price increases, and Mr. Gordon stated that it was the policy of

the government, whom he represented, to de-control as fast as possible, and they did not want to be placed in the same position as the Government of the United States, and that it was their intention to give a price increase to the steel manufacturers of Canada, and Mr. Gordon told our representatives that there was some wage increase included in the price increase. Mr. Gordon declined, however, to state what that wage increase was. He said that the price increase was based on full production and some wage increases were provided for. He told our representatives, mentioning the president of one of the corporations, Mr. Hilton, that in approaching Mr. Hilton and asking for wage increases that if he dared to say there were no wage increases included in the price increase that we were to tell him that he was a G—d— liar, and that Mr. Gordon said so. However, when we did approach Mr. Hilton, we were not able to meet him. We met the general manager of that corporation, and we were told that there was no wage increase, so far as he knew, in the price increase.

Q. Whom did you say you met?—A. Mr. Gillies, General Manager of the Steel Company of Canada at Hamilton, and we were told there were no wage increases in the price increase. We were told the same thing by the Algoma Steel Corporation.

By Mr. Homuth:

Q. Who told you that?—A. Mr. Fogel, vice-president. We were told exactly the same thing in Nova Scotia.

Q. Who told you that?—A. Mr. Anson, general manager. And in each instance these employers informed us that the price increase was intended to take care of the increase of cost throughout the war when there had not been any advance in the price of steel. At that time we tried to persuade the Wartime Prices and Trade Board that the proper policy should be that no price increases be given until adequate wages were paid, and that it could be proved by those corporations or interests seeking price increases that price increases were required to pay a reasonable return on investment and proper wages, and that policy was not acceptable to the Wartime Prices and Trade Board. The price increases were given and they compared, almost exactly, with the price increases given in the United States, where there was an 18½ cents wage increase.

Q. Did you see a copy of any representations made by the steel companies to the Wartime Prices and Trade Board for an increase in the price of steel?—A. No representations were made so far as we know. We were unable to get any information of that kind. We were told by the general manager of the Steel Company of Canada that he did not know what representations had been made because they had been made by the sales department of that particular corporation.

Mr. HOMUTH: Mr. Chairman, I suppose, undoubtedly, any representations that may have been made to the Wartime Prices and Trade Board asking for an increase in the price of steel must have been prepared in a brief and given to that board. I wonder if this committee could not have a copy of whatever brief may have been submitted to the Wartime Prices and Trade Board in regard to the price of steel.

The CHAIRMAN: If the committee desires to have communication of these documents I understand that a motion must be passed.

Mr. HOMUTH: I so move.

The CHAIRMAN: Gentlemen, before we get into a discussion on this matter may I ask that we postpone that discussion until the testimony of Mr. Millard has been completed.

Mr. BAKER: I wish to refer to page 9—

Mr. HOMUTH: Let us settle this. I think the representations have been made in the form of a brief, and I think the members of the committee are entitled to a copy of that brief to the Wartime Prices and Trade Board.

Mr. CROLL: It will clear the air. Mr. Hilton will be here on Monday and if he made representations we will ask him what were the representations.

Mr. HOMUTH: We do not know whether he is going to produce his brief.

Mr. CROLL: If you ask for it he will.

Mr. HOMUTH: I want to make sure that the members of the committee have a copy of the brief. I think it is very important.

Mr. ARCHIBALD: If the brief was presented to the government we can ask the government for it. The government is running the plant.

The CHAIRMAN: The committee will have full opportunity to call on Mr. Gordon and Mr. Hilton later on. I suggest that the question of trying to get documents from the government be postponed until Mr. Millard has finished his evidence.

By Mr. Baker:

Q. I will refer you to page 9; total eligible number of voters 25,440, and you say that they pay \$1.50 monthly dues now. Is that correct? That will figure up to about \$457,920 a year. Now, you say that only those who are in needy circumstances receive any remuneration during a strike period. Is that always the case, or is it the case at this particular time?—A. No. In some cases we have been able to pay those who have been out on strike in small numbers what might be termed strike pay. In other words, when there are a large number involved we can only take the needy. Probably I should say to the members of the committee that \$1.50 dues is divided half and half, 50 per cent goes to the International Union for all organizational and administrative expenses and the other 75 cents is retained by the local, and in the case of strikes the local union is expected to supply from its own treasury its own needs as long as that treasury has anything in it. Then the International comes to its help and assistance. Sometimes there is very minimum strike pay, sometimes a scale of what might be referred to as relief, is provided for those on strike whether they particularly need it or not. Sometimes it is a minimum scale provided for all those on strike.

By Mr. Croll:

Q. Mr. Millard, may I ask you one question? Since the controller was appointed has he had any communications with you or have you had any communications with him, and if there have been such communications can you give us the substance of them?—A. We had one communication which we sent to the chief controller, Mr. Kilbourn, stating that we were prepared to cooperate and we had tried to cooperate with the management in the maintenance of the plant for the duration of the strike, and had been unsuccessful, and the local committee for a long time was prepared to cooperate with the controller. We received no reply to that message to the controller. As far as Mr. Sullivan, the deputy controller is concerned, we have not seen nor heard from Mr. Sullivan up to the present time. Mr. Argyle, the controller for Sault Ste. Marie, so far as I know has never been in Sault Ste. Marie and has not been in contact with the committee in any way, shape or form and we do not know what the deputy controller is doing in that regard. Mr. Pettigrew, deputy controller, has met the local committee in Sydney, Nova Scotia, and has arranged with the committee, after making certain proposals by way of settlement, for the maintenance of the plant. Mr. Pettigrew is in Sydney.

Q. May we have your communications to Mr. Kilbourn and his communication to-morrow. Is that available?—A. I shall be glad to supply that. The member of the committee is asking for the filing of the communication sent to Mr. Kilbourn tomorrow. That will be done. We have had no reply from Mr. Kilbourn.

By Mr. Homuth:

Q. Mr. Smith has mentioned the fact that he felt that the reason we have this difficulty is that you have not been able to get together with the managements of the various plants. Could you be as definite as possible in your statement? Could you give the committee any idea as to how long ago—before the Algoma Steel strike or during that period—or when it was before that you tried to get the three companies to meet with the leaders of the union? Have you any idea how long those efforts have been made?—A. Most of our efforts have been confined in meeting with the various companies, asking them if they were prepared to meet with the other companies. Our answer in those cases has been no. The other activity we have engaged in is trying to get the government to get the employers together with us, and we thought we were going to have some success in that regard until last September, until a certain incident occurred and the Minister of Reconstruction did not care to go forward with his plan.

Q. Could you tell the committee when those overtures were first made?—A. They have been made over a number of years, but particularly in the last year.

Q. One, two, three, four or five years?—A. Particularly last year.

By Mr. McIvor:

Q. On page 4, article V of the union brief: "A 40-hour work week as soon as sufficient manpower becomes available". You have a 44-hour week now?—A. Forty-eight.

Q. If you get down to a 44-hour week that means there will be no overtime. If you only work a 40-hour week you will have no overtime; and if you work overtime is not the temptation just a little keener—the fewer hours you work in the week—to get the double time or time and a half?—A. I should like to answer the question by saying that we are not interested in overtime payments as such. We want the hours of work cut down to provide more jobs for people, and we impose a penalty on employers so they will cut the hours down to provide those jobs. We are not anxious to work long hours or to pad our pay envelope with overtime pay.

Hon. Mr. HOWE: May I say something about the situation in Sydney? I believe they have a 48-hour week there. We requested the people in Sydney to cut back to 48 hours in order that we could take up some of the unemployment there, and I believe a strike occurred when there was an attempt to cut back from the 54 to the 48 hours. Was that contrary to union principles?

The WITNESS: I investigated that strike, Mr. Howe, and I found it was not being applied uniformly. That was the biggest complaint. It was being applied to one branch, to the electrical workers. Had it been applied to all the workers in the plant, and had this 5-cent differential been wiped out, I do not think anyone would have cared.

Hon. Mr. HOWE: You would have supported the return to the 48 hours?

The WITNESS: Absolutely.

By Mr. Sinclair:

Q. As a member from British Columbia I am interested in your remark on page 12: "We cannot be a party to the establishment and continuation of one standard of living in B.C., a lower standard of living in Ontario, and still lower standards in Quebec and the maritimes." Mr. Smith pointed out that your comparison with the B.C. logging industry might not be particularly apt in that the B.C. logging industry is one of the high wage groups of the country. You have a big, active branch of your union in Vancouver, not in the basic industry but in the fabrication. How does their wage rate compare with the wage rate

in comparable industries in your union in Ontario and in the maritime provinces?—A. The wage rates in some of the plants in Vancouver are slightly higher than in the corresponding plants in Ontario and at Montreal, Quebec.

Mr. HOMUTH: Corresponding jobs.

The WITNESS: Corresponding jobs of work, yes. I would say that there are from 5 to 7 or 8 per cent variations upwards between corresponding jobs in Vancouver and other cities.

By Mr. Sinclair:

Q. Now, you have made it clear in this brief that you were not prepared to accept an advance of 10 cents an hour, and I have been trying to work out from your union program on page 4 what you would accept. I worked it out on two bases: first of all, on the national minimum guaranteed annual wage of \$1,750, with a 40-hour week and two weeks' vacation with pay. With the 44-hour week that would come to 76.5 cents—that is the B.C. working wage. On the week you suggest—the 40-hour week—it comes to 84.1 cents. You quote a basic rate of 64 cents at the present time in your industry and you are asking in this demand for a 40-hour week and a 20-cent increase?—A. Nineteen and one-half.

Q. And if you were to accept the Sloan agreement it would amount to about 12 cents an hour increase—a 44-hour week with a \$1,750 annual wage.—A. No, the Sloan formula would bring our pay to 80 cents.

Q. Not by my figures; it would be 10 cents off, 10 per cent more labour at 10 per cent less. My mathematics may not be as good as yours, but that is 76½ cents, which would be 12½ cents. Now, I agree with you that a man working in an industry should pay toward the cost of maintaining the union which is working for him, and when you have the Rand agreement you have the government imposing taxation on a man since they say by law that money is to be moved from his pockets. You were in the legislature and you know that where there is taxation there must be both representation and a proper audit of expenditures. Here in the House of Commons, for example, it is not the government that provides the auditors to check on their own work, but a quite independent auditor, an auditor general who is responsible to the House of Commons. If the unions in this country were given the Rand formula and if the government of this country said to all men working in organized industry that they will have to pay toward the cost of supporting the unions, should not the unions then be asked to have such independent audits made of their books?—A. I do not see the connection between the two things you are mentioning. We have statutes in the province of Ontario which provide for the check-off of service dues or union dues, you might say, for the Teachers' Federation and for the Milk Producers' Federation and for other associations, whether members or not, for the services rendered to them. They must pay a fee to the organization corresponding to the union fees or association fees. And so far as the audit is concerned, I can only speak for my union; and I say that our books are open at all times. There is a certified chartered accountant's audit made every 6 months and those audits are made public to the press or anyone, to any member or any member of the public who wants to look at that audit. It is there for them to see in detail.

Q. I am glad to hear that. The reason I raised this was because of a case that has been raised by constituents of mine. Some year or two ago in Vancouver there was a court case over this very thing, in which there was misappropriation by union officials of union funds. A man who was forced to pay union dues—and I am talking about the man who would not by choice have joined a union but because of the Rand formula is forced to pay a share of the costs of a union—cannot help but feel very great dissatisfaction if such is the case. That was the case in this union. A union such as yourselves and some of the other big and

responsible unions who do maintain proper audits would have nothing to fear of a government accounting of only the money which by government order had been taken from the pockets of these men who would not otherwise have joined the union. That is why I cannot see why a union such as yours would have any objection to such an audit being made.

Mr. HOMUTH: It is 6 o'clock, Mr. Chairman.

The CHAIRMAN: Order, please. Mr. Robinette has something to say.

Mr. HOMUTH: It is 6 o'clock.

The CHAIRMAN: Just one question to put the counsel on record.

By Mr. Robinette:

Q. Mr. Millard, on page 4, for example, you state in there the demands that your union agreed to in October, 1944; that is some 20 months ago. You also indicate in your brief that these companies have made since that date some offers or some suggestions to you of settlement. Have you referred any of those offers of settlement back to the rank and file of the union for their consideration? —A. No. There has been no reference back because we were given a mandate for the implementation and only those matters are referred back which we can reasonably recommend for acceptance.

The CHAIRMAN: Order, please. It being 6 o'clock, do I understand that the committee will sit at 8 o'clock?

An Hon. MEMBER: 8 o'clock.

Mr. HOMUTH: No, Mr. Chairman. I think possibly that we should get some idea of what the steering committee has arranged, whether we can sit tonight or just sit tomorrow or what we are going to do.

The CHAIRMAN: That is up to the committee to decide.

Mr. HOMUTH: I would suggest that we go on tomorrow.

Mr. CROLL: We are likely to have a vote in the House tonight are we not?

Hon. Mr. MITCHELL: I would think so.

Mr. CROLL: I think we will likely have a vote in the House or maybe two or three votes in the House tonight. We had better be there, I think. We would be called out in any event. I think it would be better to adjourn until tomorrow morning.

The CHAIRMAN: Tomorrow morning at 10 o'clock?

Mr. CROLL: Oh, no, that is impossible. As I pointed out yesterday, until the end of the week it is impossible for a very large number of people to be here in the mornings. I would say 4 o'clock.

The CHAIRMAN: The committee stands adjourned until 4 o'clock tomorrow afternoon.

The committee adjourned at 6.05 p.m. to meet again on Friday, July 19, at 4 p.m.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE
ON
INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE


No. 2

FRIDAY, JULY 19, 1946

WITNESS:

Mr. C. H. Millard, Canadian National Director, United Steel Workers
of America.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

FRIDAY, 19th July, 1946.

The Standing Committee on Industrial Relations met at 4 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Blackmore, Case, Cote (*Verdun*), Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Mr. Robinette, Committee Counsel.

The Chairman presented a second report from the Agenda Committee recommending the appointment of Mr. A. H. Lieff of Ottawa as assistant counsel.

On motion of Mr. Croll,—

Resolved,—That the second report of the Agenda Committee be concurred in.

The Chairman read a letter addressed to the Honourable Mr. Martin, Secretary of State, requesting that priority be given, as regards the printing of committee proceedings and evidence, to the proceedings and evidence of the Industrial Relations Committee.

The Chairman announced the receipt of two telegrams, viz: one from Mr. Charles Tanner, copies of which telegram were distributed to the committee members, and one from Mr. T. J. Cook, St. Catharines, Ont. The latter telegram was read into the record.

On motion of Mr. Croll,—

Resolved,—That the telegrams received from Messrs. Tanner and Cook, and all other telegrams now in the hands of the Chairman, be referred to the Agenda Committee.

The Chairman read a letter received by him from Mr. Munnoch, Counsel for The Steel Company of Canada, together with a reply thereto.

The Right Honourable Mr. Howe suggested that representatives of The Steel Company of Canada, Ltd., Dominion Steel and Coal Corporation, and Algoma Steel Corporation, be called to appear on Monday.

Ordered,—That telegrams be sent.

Mr. MacInnis moved that only members of the committee be allowed to question witnesses. And the question being put, it was resolved in the negative.

Mr. C. H. Millard was recalled and further examined.

On motion of Mr. Sinclair,—

Resolved,—That the Committee adjourn until 8 o'clock p.m. this day.

The Committee adjourned at 6 o'clock p.m. until 8 o'clock p.m. this day.

The Committee resumed at 8 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Blackmore, Case, Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. C. H. Millard was recalled and further examined. In the course of his examination, and at the request of Mr. Beaudoin, Mr. Millard promised to supply certain information respecting collective labour bargaining agreements. Mr. Millard filed,—

Exhibit No. 1—Audit Report of the United Steel Workers of America International Union for the first six months of 1945.

Mr. Millard retired.

Mr. Gillis suggested that when the officials of the Department of Labour appear before the Committee to give evidence, Mr. Donald Gordon be requested to attend.

The Honourable Mr. Mitchell stated that the officials of the Department of Labour, the War Labour Board, and the Labour Relations Board, would be available for examination when required.

The Committee adjourned until Monday, July 22, at 11 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 19, 1946.

The Standing Committee on Industrial Relations met this day at 4 p.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Gentlemen, the first thing on the agenda to-day is the second report of the agenda committee that met at 2 o'clock this afternoon. It reads as follows:—

FRIDAY, 19th July, 1946.

As a second report, your agenda committee begs to recommend that Mr. A. H. Lieff of Ottawa be appointed as Assistant Counsel to the committee.

Respectfully submitted.

MAURICE LALONDE,
Chairman.

Mr. CROLL: I move its adoption.

Mr. COTE: I second it.

Carried.

Mr. GILLIS: Before we proceed with the agenda, there is a question I should like to ask. When we first constituted the committee, the matter of deciding to choose counsel was brought up. It was decided that the committee would have counsel and that the duties of counsel would be to assemble the witnesses, evidence and so forth but that the questioning of witnesses was to be the prerogative of the committee. The reason I say that is that I noticed that yesterday afternoon the counsel, contrary to that understanding, questioned the witness. It was my understanding that the counsel for this committee was to assist the committee in bringing in witnesses and so forth, but that the questioning of the witnesses was to be the prerogative of this committee.

Mr. SMITH: Mr. Chairman, may I say that my memory, although it is not of the very best, does not go along with that of Mr. Gillis: I think I was there all the time, and if I remember the arrangement, the business of counsel was to ask questions. Otherwise there is no point in having him here. The secretary could bring witnesses. This is the first I have heard of this idea. I really think counsel could be of very great assistance to us by asking questions. My memory does not coincide with Mr. Gillis'.

Mr. GILLIS: The minutes of that meeting were taken. It will appear in them.

Mr. CASE: Mr. Chairman, I do not think it is a question of memory. I think we had a thorough discussion and we were all agreed that we should have the ablest counsel we could obtain, and I think the counsel was to direct the committee and assist in every way he could.

Mr. CROLL: Mr. Chairman, how else can counsel assist the committee than by questioning? The committee is a free agent. If counsel does not cover the point, then any member of the committee can cover the point. And if a member of the committee does not cover the point, then counsel can cover the point. In

that way they will be of the greatest use to us. I cannot see what purpose they would serve, as Mr. Smith has said, unless they do that specific job. It was not my understanding that they should not question witnesses.

Mr. GILLIS: The minutes of the first meeting I think will bear out what I have said.

Mr. CROLL: If the minutes state that, and I do not think they do, we ought to correct them very quickly.

Mr. MacINNIS: Mr. Chairman, I am not going to make any pronouncement on that one way or another, as to what was in the minutes. But it is within the jurisdiction of this committee to decide as to who will question witnesses who come before it. If the committee decides that it is one of the duties of counsel to question witnesses, then counsel can question witnesses. But if the committee decides that counsel is not to question the witnesses, then counsel cannot question the witnesses. Mr. Croll asked a moment ago what was the counsel to do if he was not to question witnesses. As a matter of fact that matter was discussed at the steering committee meeting and my understanding of what was to happen—not that there was any decision taken—was that counsel was not to question witnesses; that was not considered to be his real work. His real work, as I understand it from other members of the steering committee, was to carry out any investigation that the committee should ask him to carry out in order to bring out information necessary to a proper hearing of the matter before us. So that if we do not want counsel to question the witnesses, that is for this committee to decide.

Mr. GILLIS: My point is that they have already decided that when they decided to appoint counsel.

Mr. SMITH: There is some confusion.

Mr. GILLIS: There is no confusion.

The CHAIRMAN: During the meeting of the steering committee the question of priority of the printing of the committee proceedings and evidence was discussed, and on the instructions of your steering committee the clerk of our committee has written to the Hon. Paul Martin, Secretary of State, the following letter:—

SIR,—I am directed by the Agenda Committee of the Industrial Relations Committee to request that you instruct the King's Printer to give priority, as regards the printing of committee proceedings and evidence, to the proceedings and evidence of the Industrial Relations Committee.

Important witnesses are being and will be examined from day to day; and if evidence taken one day is not available on the following day, it will be difficult for committee counsel and members to cross-examine witnesses.

I have the honour to be, Sir, your obedient servant.

JOHN T. DUN,
Clerk of the Committee on Industrial Relations.

I have not yet received a reply because I think the hon. gentleman has not yet received our letter.

I think, gentlemen, it is my duty to put before the committee two telegrams I have received. One is from Mr. T. J. Cook, President and General Manager of McKinnon Industries and the other is from Mr. Charles Tanner, C.I.O. in St. Catharines. As this telegram is a very lengthy one, I thought it would be convenient for the members of the committees to have copies of it, so I have

some prepared and I should like them to be distributed among the members. I have not had time to prepare copies of the second telegram. However, it is rather short.

Mr. CROLL: Let us get on with our business. We cannot deal with this anyway.

Hon. Mr. MITCHELL: Take it up after we are finished with this.

Mr. CROLL: File them.

The CHAIRMAN: I understand you have taken cognizance of the one telegram. The second one reads as follows, I should like the clerk to read it to the committee.

The Clerk read the telegram as follows:—

ST. CATHARINES, ONT., July 19, 1946.

RALPH MAYBANK, M.P.,
Ottawa, Ont.

Strike inevitable at McKinnon Industries Ltd. (GM) St. Catharines involving 2,500 workers. Company has put into effect an eight per cent. increase which averages six cents per hour and authorized by Ontario Regional War Labour Board. This is looked upon as pure insult to the workers in the plant. Wages as low as 43 cents per hour for females with take home pay \$18.00 per week for 48 hours work 63 cents per hour for males with take home pay of \$27.00 per week. Lowest paid auto plant in Ontario. Foundry and production workers disgusted. Food clothing and shelter two per cent. higher than areas paying twenty per cent to thirty per cent higher wages for comparable work. Urge immediate action be taken by your committee in order to avoid a walk out.

CHARLES TANNER,
Int Rep UWA CIO
194 St. Paul St.,
St. Catharines.

Mr. CROLL: I move that they be referred to the steering committee.

Mr. COTE: I second the motion.

The CHAIRMAN: Mr. Croll moves that these telegrams be referred to the steering committee. That is seconded by Mr. Cote. Is that carried?

Carried.

Mr. SMITH: I have a motion to make with respect to procedure, Mr. Chairman. I do not know whether you want to proceed with that now or not.

The CHAIRMAN: I am coming to that point, Mr. Smith. I have also received a number of telegrams that I think it my duty either to put on the record, if it is the desire of the members of the committee, or to refer to the steering committee. I do not want to oblige the committee to listen to all these telegrams, but if you will permit me I will send them to the steering committee for further study.

Mr. CROLL: Carried.

Mr. CASE: Put them in the record and refer them to the steering committee.

The CHAIRMAN: Yes, to be decided if they shall be put on the record.

Mr. CROLL: You will get your record pretty heavy if you put them all on. I should leave it to the steering committee and then they will come back and be on record.

Mr. CASE: I should like to see the telegrams.

Mr. CROLL: There will be plenty of them.

Mr. CASE: I think we should seek to inform ourselves of what is going on.

Hon. Mr. MITCHELL: I should like to point this out to the committee. I agree with what my good friend Mr. Croll has said. In some disputes you might get as many as 500 telegrams. That is what you are up against. If you are going to load the record with telegrams, that is what you may find. It is just a question of procedure. You will have a pretty fair sized record if you do that.

Mr. GILLIS: Are we not going a little bit astray, Mr. Chairman? Did not this committee decide when we first started this examination that we were to concentrate on this steel dispute?

Some Hon. MEMBERS: Yes.

Mr. GILLIS: Until such time as we found a settlement.

Mr. CROLL: That is right.

Mr. GILLIS: If we are going to start dragging in all the disputes that there are at the present time in Canada, all we are going to do is confuse the thing and defeat the purpose for which the committee was set up. I think we should stick to our knitting and try to get this steel matter ironed out before we become involved with the general situation.

The CHAIRMAN: If you will permit me, Mr. Gillis, I may tell you that these telegrams refer to the steel strike.

Mr. GILLIS: They all refer to the steel strike?

The CHAIRMAN: Yes.

Mr. GILLIS: There was one from McKinnon Industries.

Mr. JOHNSTON: That is steel.

Mr. McIVOR: Are there a great many of those telegrams?

Mr. SMITH: Mr. Chairman, it was along the line that Mr. Gillis was speaking that I intended to make my motion, if this would be a convenient time for me to do it. It has some bearing along that line.

The CHAIRMAN: I have a letter here from Mr. Munnoch, Counsel for the Steel Company of Canada, which reads as follows:

Dear Mr. Lalonde:

At the meeting of your committee yesterday, it was intimated that Mr. H. G. Hilton would be called as a witness after the evidence of Mr. C. H. Millard is concluded, subject however to the possible intervention of evidence of one or more officials of the Department of Labour. Mr. Hilton has been requested to be available in Ottawa, Monday next with a view to his being called as a witness on that day or on Tuesday.

The committee has also intimated its preference for written statements from the witnesses with copies available for all members.

I think it is desirable that the Steel Company should lodge a factual brief with you and furnish a copy for each member of your committee as part of Mr. Hilton's presentation. To provide a brief that would be helpful to your committee is something that cannot be done in a day or two. As you no doubt are aware, the Steel Company's Hamilton plant is in a state of siege in view of unlawful picketing by Steelworkers Union.

It would be a much easier matter to prepare the brief, if it could be done in the company's own head office, where exact data is readily available.

I wish to say further that conditions in Hamilton have placed a great burden of responsibility on Mr. H. G. Hilton. I think it would be most unwise for him to be absent from Hamilton for any length of time. It would not be realistic in the circumstances to expect Mr. Hilton to remain in Ottawa, if your committee should continue with short afternoon sessions. I, therefore, urge you and the members of your committee to

arrange to hear Mr. Hilton on a day that will give him time to make his presentation and to answer such questions as may be asked. I suggest that this be arranged for Tuesday next or on such other day on which this committee can give sufficient time to the matter. Furthermore a delay until Tuesday would really advance the work of the committee in that a useful brief could be prepared with sufficient copies for the members of your committee.

Yours sincerely,

GORDON R. MUNNOCH,
Counsel for the Steel Company of Canada, Ltd.

I replied as follows:

Dear Sir:

I beg to acknowledge receipt of your letter dated July 19th, and I am glad to tell you that I will give communication of that letter to the members of the steering committee—

And that is what I did, with the instruction to bring back the letter before the whole committee.

—of the Industrial Relations Committee and I will advise you in due course of the decision of my colleagues.

Yours very truly,

MAURICE LALONDE,
Chairman,
The Industrial Relations Committee

That is for the consideration of the committee.

Mr. MAYBANK: Mr. Chairman, I wish to say at once that I am not impressed by the letter which has been submitted to us by counsel for Mr. Hilton. He wired to me that he would be available on Monday. Now it is suggested that he cannot be available until Tuesday. I should not be surprised if we received another communication that Wednesday would be better than Tuesday. I think that he should be told that this committee desires his attendance on Monday. We have in our power the right of subpoenaing people, although I do not favour that course.

The CHAIRMAN: May I interrupt you there, Mr. Maybank. As far as the right of the committee to subpoena a witness is concerned, I must state that it is true that we have the right to subpoena someone but we have not got any power to physically force a man to appear before us. If a witness refuses to testify, the chairman reports to the House of Commons, which has the final say.

Mr. MAYBANK: I myself was aware that the subpoena does not automatically place us in a position of imposing sanctions upon a person in case he does not come. But quite independently of that, I would not be favourable at the moment to subpoenaing anybody. I would rather rely on Mr. Hilton being made aware of the view of this committee that he should set other things aside and come here. It is suggested that there is a difficulty for him arising out of the preparation of a brief, or as it is called, a factual statement. I am not greatly impressed with the suggested difficulties relating to that. His company has been negotiating, or at any rate thinking about this dispute for some time. I feel quite sure that a good many memoranda of the sort mentioned have been made up and that they are readily available to the organization. Altogether, I am not impressed at all with the suggested delay and I think that the committee should indicate to Mr. Hilton that his presence is desired on Monday.

Mr. SMITH: Mr. Chairman, if you will permit me, I want to move this motion. But before doing that, may I make a suggestion to those who have charge of the physical arrangements within the room. I saw some members of the union this morning, and you will notice that the names of a number are set out in the brief presented by the witness yesterday. Naturally the witness does not know all the answers; it is a large organization with various departments. Could we not have a table set up down there where these men could get together rather than being spread all around? I think it would help them, and I am sure it would expedite our business too. That is merely by way of suggestion.

My motion is this, Mr. Chairman. From Mr. Millard yesterday we had what to me was a very encouraging report. Therefore my motion is this, that this committee invite—and I use the word deliberately, along Mr. Maybank's line of reasoning—the management of the three steel companies to be in Ottawa not later than Tuesday, and that they go into joint session with the striking unions. That is the motion that I would make, sir.

The CHAIRMAN: Would you put it in writing, Mr. Smith?

Mr. SMITH: Yes.

Mr. ADAMSON: While Mr. Smith is writing his motion, might I suggest that you read the telegram that you sent to Mr. Hilton?

The CHAIRMAN: The telegram is upstairs; but I may say, that if my memory serves me aright, it is along these lines: the Industrial Relations Committee invites you to be in Ottawa to appear before our committee Monday or Tuesday.

Mr. ADAMSON: The point I wanted to bring out was that you asked Mr. Hilton to be here on Monday or Tuesday.

The CHAIRMAN: Yes.

Mr. GILLIS: While Mr. Smith is writing out his motion, I should like to ask a question also, so that we will not waste time. He states that the management of the three basic steel companies be invited to Ottawa Tuesday for the purpose of meeting with the union, I presume to endeavour to resolve the difficulties and come to an agreement. The question I should like to ask is this: has the management of the three operating companies at the present time any authority to negotiate agreements? Where does that leave the controller? I think to take that line of action you have to rescind that order in council that delegates the executive authority of the operating companies to that controller. I think the controller is the man who now has charge and not the executives of the companies.

Mr. SINCLAIR: Along that line, I should like to ask the position of the commissioner who has been appointed to bring the two groups together, in the event that Mr. Smith's motion should carry. Is it your intention, Mr. Smith, that the commissioner Mr. Justice Roach, should also be present at this meeting?

Mr. SMITH: I think that is an excellent idea.

Mr. MACINNIS: I think we had better wait and get the motion.

Mr. JOHNSTON: Might it not be better to suggest that the commissioner solicit these companies to get together rather than for us to order them?

Mr. GILLIS: I moved a motion the first day that we met here and it is still on the table. It suggested that the controller should exercise his authority under the order in council and immediately get the union together with agreement as the end in view. That is tabled.

Mr. HOMUTH: Mr. Chairman, while Mr. Smith is writing out his motion, may I say that you read a telegram this afternoon with regard to wages at McKinnon Industries. In that it states that men worked for 63 cents an hour. This telegram has gone on the record and naturally is looked upon now as part of the evidence.

The CHAIRMAN: It has been sent to the steering committee.

Mr. HOMUTH: Well, it has gone on the evidence because you read it. I am just wondering if that 63 cents an hour is an authentic rate or whether it is not. I think we should be very careful about putting things like that on the record until we have some evidence before the committee to state whether or not that is the rate of wages paid. I am rather surprised at that rate, and I think we should be very careful in putting anything in evidence until such time as we have got evidence to the effect that it is correct.

Mr. CROLL: Do you believe that, with respect to every telegram that comes, we must get an affidavit on it?

Mr. HOMUTH: I would not say that we had to have an affidavit, but if we are going to put evidence on the record, I think we should be very careful about what we put on.

Mr. CROLL: That was my point earlier.

Mr. SMITH: Mr. Chairman, may I move this now?

The CHAIRMAN: Yes.

Mr. SMITH: I move that this committee invite the management of the three steel companies to be in Ottawa not later than Tuesday morning next, and that this committee request those gentlemen to go into joint session with the striking workmen with a view to resolving the present difficulties. In response to what was said a moment ago with respect to matters of detail, I think matters of detail can be worked out with respect to the controller—I have no concern about that—and certainly with the management of the companies.

Mr. MACINNIS: Mr. Chairman, I rise to a point of order. Does a motion made in committee require a seconder?

The CHAIRMAN: I do not think so.

An Hon. MEMBER: It is seconded.

The CHAIRMAN: It is seconded.

Mr. MACINNIS: O.K.

Mr. SMITH: If I may have another shot at it—

Mr. GIBSON: Try again.

Mr. SMITH: I am inclined to think that the idea with regard to the controller is a difficulty which could be very readily resolved for this reason. It is obvious that the management cannot make a binding agreement with the unions, but if we can get the management and the union to agree on a few things, I think the other difficulties can be readily shifted out of the way. With respect to Mr. Justice Roach, my thought in that matter, Mr. Sinclair, was this. I should like to see those people first try it alone; and then I thought that we would do all we could and the commissioner and so on would do all they could to bring this about. My thought was that failing to reach substantial agreement or an agreement that can start this working again, then this committee would invite them all back here and try to find out why they could not agree. I am making this motion in order that we may get some speed in this task of ours towards the desired end of restoring that industry to production.

Mr. GILLIS: Mr. Chairman, while I appreciate the motives that inspired Mr. Smith, I still think that he is on the wrong track. The management of the operating companies and the Steel Workers Union have tried it alone for the last 18 months and succeeded in getting nowhere, except developing the present deplorable situation. The government did take a certain line of action in setting up the controller and appointing a go-between who might act as a mediator to the dispute. That machinery has not been tried. To the best of my knowledge the controller to date has done nothing with regard to resolving the

dispute. We will hear from Mr. Justice Roach in a little while as to what success he had. But the fact of the matter is that you have got these three basic steel plants in Canada tied up; and in addition to that you have hooked onto them now the subsidiary companies that operate around the basic companies. Any settlement made with the basic steel plants at this time must carry with it, as I understood Mr. Millard yesterday, a settlement or wage demands with the subsidiary organizations.

The first day that this committee met I moved a motion with the same thought in mind as Mr. Smith, except that I tried to use the existing machinery; because I think the controller and Justice Roach now supersede the operating companies' executive heads. Whether we like it or not that is the machinery the government has set up in the field of settling these disputes. We have not got that prerogative. We are set up here to take evidence, to find out what causes labour disputes, and endeavour to resolve the present difficulty if possible. The motion I made here a few days ago—and I have a copy of it here—was to this effect. I recommended in that motion:

That this committee recommend the Minister of Labour instruct the controller to act within his authority as having all the powers of the boards of directors of the steel companies to enter into negotiations with the Union—

The CHAIRMAN: Would you be kind enough to let me have a copy of that?

Mr. GILLIS: Yes. I gave you a copy the other day, but I will send this up to you. This motion was debated at some length and it was decided at that time that the committee perhaps would not be unanimous on it. So rather than split the committee or take a vote the other day, we decided to lay it on the table for the time being. As I see this present dispute, and the way the committee is handling it, it is going to be a long-drawn-out process. We are not going to settle that strike in this room. I think that the machinery set up by the government should be in motion outside.

The CHAIRMAN: If you will permit me, Mr. Gillis, I must say I think you are out of order now. You are discussing your motion. I humbly suggest to you that the resolution or the motion before the chair is Mr. Smith's. If you want to revert to your own motion, I think you are out of order now. We will go through, if you will permit me, with Mr. Smith's motion; and when we are through with it, if you want to come back with yours, I think the committee will agree to hear you.

Mr. GILLIS: With all due respect to your opinion, Mr. Chairman, the motion that is before this committee with regard to the settlement of this dispute is the motion I made the first day we met here and it was laid on the table. It was not settled. If Mr. Smith has a motion to make at this time, it should be an amendment to this. He is asking exactly the same thing but is asking to use other machinery. I do not believe that, legally and technically, to-day the operating companies have any authority to negotiate an agreement. I do not think they have. What I am trying to do is to get some machinery we can use on the outside now to try and resolve the dispute on the outside while we are taking evidence here; because this committee is going to be taking evidence for a long time. The task that we set for ourselves was to try to settle this steel dispute. We said we were going to do that if it was at all possible. We are not going to settle it in here taking evidence and going back to the machinery that broke down and failed in the past. I think that the machinery of the controller should be used and that he should be instructed by the Department of Labour. We moved this motion the other day and took those words out of it because somebody objected to them. I want to do exactly what Mr. Smith wants to do, except that I do not think this committee has the authority to over-

ride that machinery set up by the government taking authority out of the hands of the operating companies to continue negotiations. They passed that over to the controller, and I think the controller is the man who should be in action outside to-day trying to settle this thing in some way, shape or form while we are taking evidence on the inside.

Mr. HOMUTH: Mr. Chairman, might it not be well to clear up the question that Mr. Gillis has raised with respect to the order in council? Clause 10 of the order in council reads very definitely:—

10. The Commissioner, the Honourable Mr. Justice W. D. Roach, will continue with his duties as an Industrial Disputes Inquiry Commission as aforesaid, and the bargaining representatives of the aforesaid employees and the Companies shall continue their negotiations with a view to the settlement of the matters presently in dispute between them and shall negotiate in good faith with one another and make every reasonable effort to conclude a settlement.

To me the order in council sets forth very clearly the fact that the companies still have the power of bargaining regardless of the fact that a controller has been set up.

Mr. MACINNIS: Mr. Chairman, I do not think we should entertain a motion of this kind at this time. I think it is unfair, after we had someone summoned from both sides of the dispute to come here, and when one side comes here and puts part of its case before this committee, that then when the other side begins to hedge we should pass a motion here asking them to get together. There is a motion that we could pass. We could pass a motion urging them to get together and then they can communicate their willingness to come together to this committee; and I think the committee would be well advised to let them go to it after that. I do not think that this committee should now, after hearing a part of the evidence of one side to the dispute, and when the other side, as I have said, is hedging on the order to appear before the committee—as it has hedged all along in its approach to this matter—pass this motion. What are we going to do when we ask them here on Tuesday— Are we going to adjourn the committee until we find out whether these two are going to get together and are we going to wait then until they can come to an understanding? There is no reason, as has been pointed out by Mr. Gillis, why the parties to the dispute, if they wish to, cannot negotiate together while this committee is sitting. I want to refer to the order in council. As a matter of fact the situation as to who has authority for negotiation here is very confused; that is, if this order in council means anything. This is a copy of order in council P.C. 2901, I think it is, although it is a little blurred. It is dated Wednesday, 10th July. Mr. Homuth read paragraph 10. But paragraph 3 comes before paragraph 10 and this is what paragraph 3 says:—

3. The said Controller shall have the custody and control of such property and assets of each of the Companies as he in his uncontrolled discretion and judgment may deem necessary in order to manage, operate and carry on the business of each of the aforesaid Companies and he shall, for such purposes, have and exercise the powers, authorities and rights of the Board of Directors of each of the said Companies.

There is one thing that must be clear, that the controller appointed by the government cannot have uncontrolled authority over the industry concerned and yet the board of directors that he is placed over have the same authority. We must know where we stand. What we should have done was to have accepted the motion moved by Mr. Gillis the other evening and instructed the director to try to enter into negotiations in the matter of this dispute. Then we would find out who was willing to enter into negotiations and who was not. Then

that could also be referred back to this committee. But as I see it, we should not at this time, after hearing one side, or part of the evidence of one side in this dispute, suggest that these people appear here next Tuesday to enter into negotiations for settlement of the dispute. That is open to them at all times. If we want to make it more emphatic, we can pass a motion in this committee that we urge them to get together and we think that is what they should do. If this motion is disposed of, I have another one to offer.

Mr. SMITH: I think we are getting a little far afield from what I had in mind. My motion is based entirely upon what the director of the steel workers said in this room yesterday.

Mr. Millard said that the greatest stumbling block had been that they had been unable—and they had tried—to meet the three managements at one time. You see I am trying to do just what he said and what he intended to do. Lawyers might quarrel over this business of the order in council for a month and laymen for two months, because they usually waste more time.

Expedite this thing and give the steel workers, who said yesterday they wanted it, a chance to meet their three employers, and I thought the invitation or request should be that they come here to this city where we are sitting, and that cannot be offensive to anyone. To my judgment, if the managements of the steel companies want to refuse a reasonable request in that way, then they can take the consequences in public opinion. Let us not worry as to whether somebody is kidding the troops or dodging. Let us try to get these men here and give Mr. Millard and his organization an opportunity to claim a chance to meet them.

Mr. ARCHIBALD: Where can we find out who is operating these companies? I want to know whether the government is operating the companies and has the powers of the directors, or if it is not. Who can tell us?

Rt. Hon. Mr. HOWE: Perhaps I can make a countersuggestion. We are saying that this is a dispute between the steel workers union and the operators. I suggest that we invite all three owners to be here on Monday and appear before this committee. To-day we can hear the steel workers, and on Monday we will hear the three operators, and then we can follow out the suggestion of Mr. Smith and ask them to get together and see what they can do.

As far as the order in council is concerned, I think the purpose of that was to keep the properties in operation while the management and labour work out their difficulties. It is suggested that the controller can make long term contracts in the absence of the board of directors. What happens when the controller goes out? Are the board of directors content to carry out the orders of the controller then?

Therefore, it seems to me that in expressing the rights and privileges under the controllership is taking that into great expectation that what is suggested is going to happen. It has kept the plants operating while agreements were being entered into.

I suggest that the proper thing to do would be to bring all three managements here, and hear what they have to say.

Mr. CROLL: I think that would be agreeable to everyone except for the fact that Mr. Hilton is not here. If the committee can bring Mr. Hilton here, then we can proceed as Mr. Howe suggests.

Here we have a letter from Hilton, of which letter I most strongly disapprove, indicating that he cannot come on Monday.

The CHAIRMAN: The letter is signed by his solicitor.

Mr. CROLL: Yes, and his solicitor has been here all the time.

It must appear to the committee that Mr. Millard sent us an impetuous wire that he could not come, but he was here the next day and tendered a brief. He came here and answered questions freely. Some thought he answered too freely.

On the other hand Mr. Hilton conveys through Mr. Howe a very kind message, but we do not find Mr. Hilton here. We find his solicitor is about here, getting up to some of the members and telling them what the case is all about.

We find already that one of the chief participants is not here.

Mr. SMITH: He was not asked to be here to-day.

Mr. CROLL: He knew about it. Originally, he had a wire asking him, and he asked it he could put it off until Monday.

I just call the attention of the committee, in discussing this case, that we had a man here who had a great deal to do with it, and he said that all he got from the steel company for three or four days was a brush-off. We are getting a cold shoulder from him, too.

It is time to call a halt. We want Mr. Hilton here on Monday. Otherwise, it is not fair to bring one man here, and not the other. We want the other side of this case. On Tuesday we can say that we recommend that they get together. I suggest that our first job is to bring Mr. Hilton here, and make sure he is here. If we do not assert our authority, we won't have any.

Mr. MAYBANK: That means that we ask all employers here on Monday; that is the idea? We should proceed with that.

The CHAIRMAN: Carried. If they do not come, we will go to the House.

Mr. GILLIS: This proves to me that orders in council mean nothing. I hope that the labour men take that to heart. If that order in council does not mean anything, then none of them mean anything. It was passed by the Government of Canada. It is in force when you want it to be. I am rather surprised that an order in council passed by the Government of Canada does not mean anything.

Rt. Hon. Mr. HOWE: What I said was that the order in council provides for a temporary receivership. A controller is in charge of the plant to-day. He can instruct the management of the plant in things he wishes to do to-day, but it is a temporary device, as is known. It has been used before. At the end of that period the receivership is cancelled and the management is on its own.

Mr. GILLIS: If I was appointed as controller to settle this dispute, I would have done something about it.

Rt. Hon. Mr. HOWE: Did you see anything in the order in council that the controller was to settle dispute?

Hon. Mr. MITCHELL: Let us get this cleared up about the controller business. I have heard Mr. Gillis advocate in the House of Commons the appointment of a controller. In many disputes, this expediency, if you wish to call it that, worked in every dispute that it was used in to the advantage of the workers and industry.

What was behind the issuing of this order in council? It was supplied to give the commissioner more time to settle the dispute.

There is a lot to what my friend Mr. Croll has said. This is a basic principle and I think we want to find out what is wrong, and let the public know. Mr. Millard gave his evidence, and probably will give some more to-day. I think both sides should be given that opportunity.

I also think the commissioner, who tried to settle this strike, should give the committee some idea of the difficulties arising out these three points of view.

I hope, as suggested by Mr. Smith, that it will be possible that the parties will sit down by themselves and settle their difficulties.

The CHAIRMAN: I understand that it is agreed that the three companies are to be invited to be here Monday afternoon.

Mr. ROBINETTE: I asked you some questions last night, Mr. Millard, and I understand you want to give some further statement.

Mr. GILLIS: Excuse me. I raised this question at the opening of this meeting as to whether it was the prerogative of the counsel for the committee to examine witnesses, or not. In my opinion, it is not, and this committee has already rendered a decision on it. When we decided to hire counsel, I think it was Mr. MacInnis who asked a question and it was expressed at that time that the function of the counsel would be to call witnesses, and so on. The prerogative as to the questioning was to remain with the committee.

The CHAIRMAN: Will you put that motion in writing, Mr. Gillis?

Mr. GILLIS: We have already ruled on that. My reason for objecting is this, that this committee was set up for the purpose of resolving this dispute. We are not in the position of the prosecuting attorney, where he is going to try to convict one or another of the parties coming before him. I do not think we should take the attitude of hiring counsel for the purpose of cross-examining witnesses on either side. That is our job. Our counsel can instruct us or help us legally. I am objecting to Mr. Robinette questioning Mr. Millard.

Mr. CROLL: I move that we proceed.

Mr. MAYBANK: I think I must take issue with Mr. Gillis when he says that it was decided that counsel would not be asking questions. But I did say that it was the prerogative of this committee to ask questions. I do not think such a discussion was made that first night. I was in the chair, and I was observing very closely the decisions. I thought I might have to carry out some of these decisions. I believe this would be a correct statement: (a) There would be counsel engaged; (b) The mere fact in engaging counsel did not affect in any way any rights of this committee.

Mr. GILLIS: You might add a (c) to it. You yourself said, I think, that the duties of the counsel would be to assemble the evidence and call witnesses.

Mr. MAYBANK: The only distinction I would make is that I would not be, right at that moment, exclusively laying down the duty of counsel, because it would be clear in my own mind.

Dealing with the issue itself, because, after all, whether Mr. Gillis' recollection of what took place that night, or mine is correct, is not very important. The truth of the matter is that this procedure is absolutely in the hands of this committee. I submit that if counsel is to be employed by us, it is wise to have him asking questions. He is not to bring out evidence either for or against any particular case. It is desirable that he should ask questions such as any member of the committee would like him to ask; to bring out evidence such as the steering committee would first instruct him on, and to do likewise for individual members. That is not to be understood to exclude individual members from asking questions. It was not my thought that the prerogative of any member would be lessened.

If every single member becomes an examiner, it would take a long time. I believe, for conciseness alone, the counsel should be used in examining witnesses. It would seem to me that the chief matter is conciseness. That is why I think counsel should be used to cross-examine witnesses.

I move that Mr. Robinette proceed.

Mr. MACINNIS: I passed a motion a moment ago, and I do not think that is the proper way to deal with this matter. This committee is in its jurisdiction whether counsel should ask questions or not. This committee should exercise its prerogative, and I move the motion you have now.

Mr. SINCLAIR: I want to say two things. Yesterday I was very impressed by the way Mr. Millard delivered his brief, and I was very impressed with the way Mr. Robinette was able to bring out the evidence we desired.

Mr. ARCHIBALD: That is all very well to point out qualifications of lawyers. I do not know how many lawyers we have in this committee. The point is that

they have the ability to do that. It is up to them to produce for this committee. It was brought out at that meeting that this lawyer was just hired to organize things.

Mr. CROLL: The last speaker is so concerned about lawyers. The lawyers on this committee have all asked that Mr. Robinette conduct the examination, if their opinion means anything. It is the ordinary way. We appreciate how you laymen feel that he is not needed, but, on the other hand, we feel that he is needed. So, we turn over to him that job and we try to fill in where he may fail. There is a motion now.

Mr. HOMUTH: I certainly cannot support the motion made by Mr. MacInnis for the very fact that we asked that counsel should be organized to get the evidence, organized to get the witnesses here and to do all the things that we want done, that is, to bring out all the facts. I think there is nothing in the suggestions which we asked yesterday that would preclude our solicitor or counsel from bringing out evidence, that, perhaps, some of us might not think of.

Mr. JOHNSTON: Just a word on that, because I was a member of the steering committee and this matter was discussed at some length in the steering committee. Personally, I am no lawyer, but I have no objection whatsoever to counsel questioning the witness. I think he should conduct his questioning in the manner he sees fit in order to bring out information that is desirable upon both sides. I would like to say to him: Get quite tough with Mr. Millard. I think Mr. Millard would be able to hold his own, from all I have seen of him. And I would say to counsel, get equally tough in your questioning of Mr. Hilton, a gentleman I do not know; but I imagine Mr. Hilton would be able to take care of himself. And no matter what the questions may be that counsel asks witnesses, that does not bar me from asking any questions that I may desire.

The CHAIRMAN: Right!

Mr. JOHNSTON: If I consider, at any time, that the counsel has not sufficiently questioned a witness, I will exercise the privilege which is granted to me in this committee of questioning the witness further. But I see no reason why counsel should not question the witness. He is an experienced man in his profession and I feel certain that any professional man could get the information from a witness in a manner that would be much more satisfactory to the committee than if it were attempted by an ordinary lay person. If at any time I think the counsel is acting unfairly in regard to a witness, I shall make that known without any hesitation; and I would assume and hope that the counsel, which the committee was unanimous in accepting, will use his judgment in being equally fair with all witnesses who come before this committee.

Mr. MACINNIS: In moving that motion, I do not want it to be taken that I have anything against lawyers as a profession. I never have had occasion to use the services of one.

Mr. SINCLAIR: Well, then, you are very lucky.

Mr. JOHNSTON: You are saving money.

Mr. MACINNIS: But if I ever did get into a jam where I thought a good lawyer could get me out, I would engage the cleverest and the crookedest lawyer I could; but his purpose would not be to bring out information; his purpose would be to confuse the information which was being brought out so that those who were dealing with it would not know exactly whether I was guilty or innocent. There are some of the members of the committee—and this is particularly strange—there are some lawyers in the committee who feel their inadequacy to bring out the facts in this case. When Mr. Croll depreciates himself in that way, he is not—

Mr. GIBSON: You had better watch him.

Mr. MACINNIS: —doubtful of something that he may forget. I just do not take Mr. Croll seriously because I am satisfied there would be mighty little that he would forget. That applies to other lawyers as well. If any person on this committee is unwilling to let a witness go before he is satisfied that he has got every bit of information that that witness has which would enable him to come to a decision in dealing with this matter, surely he doesn't expect that somebody else could bring that out. The members of this committee are intelligent men; they are not dealing with a matter of law; they are dealing with the relationship between labour and management, and that is not a legal matter. There is no legality about this. We try to avoid legality, and I suggest that the members of the committee assume their proper prerogative, that of questioning the witnesses themselves.

Mr. McIVOR: Some people believe in the closed shop; and some people do not. I do not think there is a member on this committee who does not want to be helpful and who would talk out of turn very much, if he has that spirit. I do not want to sit here if I have anything that is helpful and have not an opportunity to contribute it.

Mr. SMITH: The Committee may instruct Mr. Robinette that he occupies the position of an attorney — he knows that already — and that his duty is to bring out all the evidence irrespective of who it is from or from what source it comes. Certainly let us have no doubt. I think I shall be on my feet before this thing is over if he happens to miss something that I think would be helpful. I certainly intend to exercise my right just as does Mr. Johnston.

Mr. MAYBANK: I would like to add one word.

Mr. HOMUTH: You are out of order because you have already spoken.

Mr. MAYBANK: I think Mr. Homuth would agree that his interjection is not particularly helpful. This is the suggestion I was going to make; I fear there may be some fear that some members of the committee may be somewhat crowded out from asking questions by reason of the counsel having taken up a good bit of time. I would suggest to the counsel that he bear in mind that that fear does exist in the minds of some members of the committee and that an opportunity should be given to them to ask questions.

The CHAIRMAN: Are you ready for the question? Here is the motion:—

It is moved by Mr. MacInnis and seconded by Mr. Gillis: that only members of the committee be allowed to question witnesses.

All those in favour raise their hands? All those against do likewise? I declare the motion lost. Now, Mr. Millard, would you please proceed.

By Mr. Robinette:

Q. I think I asked you last night, Mr. Millard, as to whether or not your officers had referred back to the main — —

Mr. CROLL: I am on my feet already. We have got to lay down a procedure. I can well understand why Molotov and Byrnes have such a lot of trouble about procedure. I wish there could be nobody else there but the witness. I do not think that the witness should be advised while he is on stand.

Mr. GIBSON: What about the estimates?

Mr. CROLL: I think that the witness should not be advised while he is on the stand for the simple reason that we are, later on, going to have the same thing ten times over if we establish now the right of other people to advise the witnesses. The witnesses can ask for information if they need it and they can get it. I am trying to be helpful, if you would only understand. I am indicating

to you that we are setting down procedure now and we might as well be ready to begin. The witness on the stand is the man to answer the questions and if he wants information, then he can get it.

Mr. MAYBANK: I think we should follow the judgment of the witness himself. The witness wants to put out all the truth. I do not know that I would agree with witnesses own procedure in having counsel sitting alongside of him; but that is his business. So, until it begins to defeat the purposes of the committee, let us be as free and easy as we can.

By Mr. Robinette:

Q. Mr. Millard, getting back to last night, I think you indicated—

Mr. HOMUTH: I do not know.

Mr. GIBSON: Order!

Mr. HOMUTH: I think there is a lot in what Mr. Croll says. The question is whether Mr. Millard is going to answer these questions or whether Mr. Joliffe is going to answer them. So let us have some understanding as to what the procedure is going to be. As Mr. Croll says, let us know where we are.

Mr. MACINNIS: Mr. Chairman, I am sorry we cannot get along here, but this is what comes of having lawyers. If this committee had decided to carry on with its own business we, as members of the committee, could deal with Mr. Millard. If Mr. Millard feels that he cannot answer the questions, then some other member of his executive or board should answer them. I am not worried about that at all. I think the suggestion would probably be a good one, and I agree with it.

The CHAIRMAN: Order! It is always the privilege of a witness to refresh his memory either through his personal notes or by moving even for the suspension of his evidence in order to take a breath. So I think we should proceed now.

By Mr. Robinette:

Q. Referring to the question of last night?

Mr. SINCLAIR: Order!

By Mr. Robinette:

Q. I asked you whether or not you referred any of those offers of settlement back to the rank and file of the union for their consideration, and I think you answered "no". You have indicated that you want to extend that a bit. So tell us what you want to say about that?—A. Before answering the question or enlarging upon my answer to that question, I would like, on behalf of labour generally, to register a mild protest with this committee. I understood that I was coming down here to be a witness and to impart whatever information I could that would be helpful to the members of this committee in the very important task that they have undertaken. I did not know that I was to be examined by a lawyer who, we always find in the case of industrial disputes, represents the employer on a conciliation board. Never to my knowledge has Mr. Robinette appeared on the side of labour. He has always appeared on the side of the employer. It seems to me to be rather a shame to come down here and again face Mr. Robinette in the capacity of counsel for this committee. I am quite sure that the committee would be absolutely impartial in its questioning of all witnesses, whether those witnesses be on the employer side or on the side of labour. However, I am not so sure about Mr. Robinette.

I would also like to ask for the indulgence of the committee for a moment. I would like also to bring up this point: that I made an error in the answer to one of the questions yesterday. I would like to correct it. I was asked a question whether the Prime Minister replied to a letter which I wrote to him on

the 25th March. I regret to say that I answered that I did not believe that he had. However, since that time, I have looked back through my files and I find an acknowledgment which is signed by the Prime Minister in his own handwriting. It reads as follows:—

OFFICE OF THE PRIME MINISTER
CANADA

OTTAWA, March 30, 1946.

C. H. MILLARD, Esq.,
National Director,
United Steel Workers of America,
1207 Bay Street,
Toronto, Ontario.

Dear Mr. Millard,

I duly received your letter of the 25th instant, regarding the present position of the steel industry and have brought its representations to the attention of my colleagues in the government.

(Sgd.) W. L. MACKENZIE KING.

Before going on with my enlargement of the answer to the question, in connection with another question which was answered yesterday, I noticed that there was a dossier put in, but a copy of that dossier was not given to the unions. However, one of the members of the committee was good enough to show his copy to me and I noticed in the back there was a statement by the Department of Labour regarding certain offers that were made. I do not think that statement is correct or complete. There is, in that statement by the Department of Labour, something regarding a proposal made, but there was one very important part left out. I will draw it to your attention as I read the letter which contains the basis of that proposal. This letter is dated July 8, 1946 and reads as follows:—

July 8, 1946.

Mr. A. MACNAMARA,
Deputy Minister of Labour,
Ottawa, Ontario.

Dear Mr. MacNamara:

To avoid any possibility of misunderstanding I wish to confirm our recent conversation concerning the wage-hour dispute between our union and the three steel companies by putting on record the proposal which was made to you and Mr. Maclean and later repeated to the Minister of Labour. Substantially the same proposals has been given to Commissioner Roach.

It will be recalled that the proposal was made contingent on two reservations: (1) that it apply to each of the three corporations and (2) that it be accepted and made effective without the necessity of strike action. It was made, as I pointed out, in a sincere effort to avoid any interruption in the production of vitally-needed steel and coke and, at the same time, to provide our people with a minimum standard of living required for health and decency. It constitutes an irreducible minimum settlement of our wage claim.

I stated that I was prepared to recommend to our National Advisory Committee that they accept the following settlement:—

1. An 8 cent per hour wage increase across the board, retroactive to April 1, 1946.

2. A further $7\frac{1}{2}$ cent per hour wage increase across the board, effective October 1, 1946.

3. As of April 1, 1946, a standard work of 44 hours, all hours worked after 44 a week to be overtime.

4. As of October 1, 1946, all hours worked after 44 per week to be paid for at overtime rates.

Since talking to you I have conferred with other members of our National Negotiating Committee and they have agreed, providing satisfactory assurances can be given that the above program will be made effective, to recommend such a settlement to our National Advisory Committee and to the union.

I must point out, however, that if the proposal made is not accepted by noon on Friday, July 12, we must notify the companies that a strike will take place as soon as certain equipment can be shut down, or within three days. If a strike does take place we will, of necessity, vigorously support our claim for \$33.60 minimum pay for a 40 hour week, for union security and for two weeks' vacation after five years' service.

I am enclosing copies of the information on reduced labour costs at Algoma which I showed you and the minister and which he asked us to place in his hands as soon as copies could be made.

Trusting that the proposals will be accepted and strike action thereby averted, I am,

Yours sincerely,

(Sgd.) G. H. MILLARD,

National Director,

United Steelworkers of America.

I want to place on the record also, together with the letter, because it was an enclosure, a copy of a summary of the production record in Sault Ste. Marie, from 1939 to 1945; also the payroll increase over the same period of time. I would like to point out to the members of the committee—though you will receive it in the minutes or in the proceedings, that it shows that the payroll increased from 1939 to 1945 from \$3,704,186 in 1939 to \$8,838,557 in 1945. Those are the figures submitted by the corporation. At the same time, tonnage increased from 202,904 tons in 1939 to 665,889 tons in 1945 which shows that, (1) With estimated working force of 3,000 in 1939, per man production was 67 tons annually. (2) With actual working force of 3,638 in 1945, per man production was 183 tons annually. Note: This is an increase of 173 per cent in per man productivity, in the war years, 1939 to 1945. (3) Shows payroll (annual) increased by 133 per cent from 1939 to 1945. (4) Shows production (annual) increased by 221 per cent from 1939 to 1945. (5) Labour cost of production per ton ingot steel in 1939 was \$18 approximately. (6) And when the same ton was produced in 1945, the labour cost of production was \$13, approximately. That is, \$5 less in the labour costs.

By Right Hon. Mr. Howe:

Q. Have you the increase on capital investments for the same period.—A. No, that figure could be obtained by the management.

Q. About \$25,000,000.—A. That was mostly government money; it did not come from the shareholders, it came from the government. I would like also to place on the record in answer to a question which was asked yesterday, I believe by Mr. Smith, a telegram which was sent to the Hon. James Ilesley, Minister of Finance, dated March 21, 1946. The members of the committee will recall that I said it was some time in late March that we had discovered a note or article in the *Evening Post*. This refers to it. The telegram reads as follows:—

March 21, 1946.

Hon. JAMES ILSLEY,
Minister of Finance,
Parliament Buildings,
Ottawa.

Apparently authoritative report in current financial publication states steel prices to be increased prior to establishment of new levels. Stop Urge no steel price increase be authorized until companies have met fair wage demands of Steelworkers Union and have proved inability to pay without price increase. Stop Price ceilings already removed without consultation with labour have created dangerous precedent and further action in this direction can only be interpreted as government guarantee of profits to employers without regard to the already low living standards of Canadian steelworker which are being further decreased by steadily mounting cost of living.

(Signed) C. H. MILLARD,

National Director,
United Steelworkers of America.

c.c. Don Gordon,
Chairman of Wartime Price and Trade Board,
Ottawa.

c.c. A. R. Mosher, President,
Canadian Congress of Labour,
230 Laurier Ave. West, Ottawa.

A copy of the telegram was sent to the chairman of the Wartime Prices and Trade Board and to A. R. Mosher, president of the Canadian Congress of Labour.

It will be recalled by the members of the committee that I said to you yesterday that certain conversations took place. I believe that also was in answer to Mr. Smith regarding the steel price increase and the question of whether or not we could ascertain that wage increase were included therein. I have two letters which I would like to place on the record in regard to that matter, in order to amplify the answer which I gave. This letter is addressed to Mr. Frank Jones, secretary, United Steelworkers of America, 24 Bushell Avenue, Toronto 8, Ontario. It is signed by the chairman of Prices Board, Mr. Donald Gordon. The letter is as follows:—

THE WARTIME PRICES AND TRADE BOARD

490 Sussex Street,
Ottawa, Ontario,
April 4th, 1946.

Mr. FRANK JONES,
Secretary, United
Steelworkers of America,
24 Bushell Avenue,
Toronto 8, Ontario.

Dear Mr. Jones:

I have your letter of March 31st, and I note that Locail No. 2946 protests the raising of steel prices before wages were adjusted, and suggests that it was not necessary to raise steel prices. The question you raise is a very important one affecting the administration of price control, and you have my assurance that we have given the whole problem a good deal of consideration.

I think you will agree that our duty should be concerned primarily with the prevention of inflation by the enforcement of price control. As you can imagine, the operation of price control is a very difficult task. It is bad enough trying to determine what are appropriate price ceilings and enforcing these ceilings. The administration of price control, however, would long since have broken down if we had become involved in discussions between employers and employees on the subject of fair wages, or any other phase of labour relations. As we see it, our duty is to take all appropriate steps to prevent an inflationary rise in the cost of living. Consequently, we are very much concerned about anything which affects costs of production, including increases in wage rates or increases in the cost of raw materials. But in dealing with the large number of applications for price fixations on new goods which come to the board as war production turns over to civilian production, or in dealing with applications for price adjustments to meet higher costs, it would be quite impossible to require that all interests be present and different viewpoints debated. The only practical basis on which price control can be administered is for the board to determine what adjustments in ceiling prices should, and can be, made within the framework of the stabilization policy.

If we were to do otherwise, the administration of price control could easily break down because of the delay and confusion that would result. In taking this attitude the board does not believe that the interests of labour are prejudiced thereby. Indeed, by placing manufacturers in a definite position in respect to the future prices of their products, we are surely establishing a definite basis on which negotiations between all parties can proceed. At the same time, this action ensures an upper limit to the increase in prices, thereby preventing a major rise in the cost of living, and protecting the "real wages of labour". I believe that labour has a far bigger stake in maintaining the workability of the price ceilings than in allowing a situation to develop where a constantly rising money wage is pursuing a steadily rising cost of living. The latter course always ends disastrously for the wage-earner, both in terms of diminishing purchasing power and wages, and also in terms of economic disorganization and subsequent unemployment. The recent increase authorized in the price of steel products has been delayed for some years. Such increases were required to meet the wartime increase in wages and other costs of production. It was possible to postpone an adjustment of prices while the war was on because other factors, including war work, helped to offset the effect of higher costs of production. It was not possible to postpone the necessary adjustment of prices much longer. Had we done so, there was danger that production would be retarded and an unemployment might result.

I hope you will not think that I am arguing against wage increases. I am merely saying that, if we are to continue to control prices, any price adjustments found necessary ought to precede wage negotiations, rather than follow them.

Yours sincerely,

(Signed) D. GORDON,

Chairman.

I read that into the record because I think this committee would be interested to know the policy that has been followed, where labour in fact has been told that there are wage increases in the price increase, but you go and get them from your employer. That is what we have been told exactly, through the agency of the Wartime Prices and Trade Board. And the funny part is that when you go to get them, the employer always says, "No."

There is another letter which I would like to place on the record, which is addressed to me by the Industrial Relations Director of the Department of Labour, and which followed after this discussion had taken place. The letter reads:

DEPARTMENT OF LABOUR

OTTAWA, May 31, 1946.

Mr. C. H. MILLARD,
National Director,
United Steelworkers of America,
1207 Bay Street,
Toronto, Ontario.

Dear Mr. Millard:

Thank you for your letter of May 28th in which you advised me of your discussions with the "big three" steel companies.

While you were away from your office I kept closely in touch with Mr. Kidd, particularly on the negotiations with Stelco and Algoma, and the department certainly has no complaint with respect to the co-operation we have had from your organization in that regard.

I was rather surprised that all three companies would take the position that the recent increase in the price of steel granted by the Wartime Prices and Trade Board was needed to make up for the increased costs of production during the war. I had been given to understand that some allowance was made to take care of current demands on the part of the workers.

You will, I know, inform us in due time of any developments which may take place on or before June 8th, which is the date you have set in your letter for the receipt of counterproposals from Dosco and Algoma.

Yours sincerely,

(Sgd.) M. M. MACLEAN,
Director of Industrial Relations.

That, Mr. Chairman, brings me to the question asked by the counsel.

By Mr. Smith:

Q. Before you leave those, may I ask just one question, Mr. Chairman? In the enclosure which you read, where you gave the percentage of increase of steel per man, measured in tons, I think it was from 67 tons up to 183 tons, I thought that percentage was very high. How do you account for that increase? Is it because of efficiency among the workmen, or do other features enter into it?—A. I would not take all the credits for labour, although they are undoubtedly entitled to a fair share of the credit in that regard. Labour did work longer hours as the war progressed, though I do not know that that increased the efficiency of labour; but I think the Hon. Mr. Howe has partially touched upon the question when he stated that there was a great deal of improvement in the facilities in this corporation which were provided out of public funds or out of special depreciation allowances which were permitted to this corporation for the building of extra blast furnaces, extra coke ovens, and extra rolling mills and equipment. It was due to a combination of efficiency plus extra facilities and extra work, that is, labour itself that an increase was arrived at in the productivity which was achieved.

Q. You do not attribute the whole of the increase to the fact that the working man became more efficient; you say only a share of it was due to his increased efficiency. Could you give a figure on that?

By Right Hon. Mr. Howe:

Q. You suggested that all the improvements were written off at the expense of the Crown?—A. No.

Q. Well then, some? I would point out that there is a \$19,000,000 blast furnace in that plant which is owned by the Crown and which is rented to the Algoma Steel Company at a rental which represents a fair return on the investment.—A. I requested the privilege of enlarging upon that answer because I did not think the record indicates the exact position that has taken place in nearly every step of the proceedings. We have reported back to the local unions involved in this dispute both in the subsidiary plants and in the larger plants of these three corporations. It would not be fair if, after we received a tentative proposal of 8 cents from Algoma Steel and a tentative proposal through the Department of Labour, through the commissioner, that these matters would be reported back. The 10 cent figure was reported back and I would like to say that its rejection has been unanimous at the largest meeting ever held in the history of our union. The membership has been informed through special membership meetings. Their executive has acted upon their behalf and it has been co-ordinated through the National Advisory Council representing all unions throughout Canada. We have reported back every proposal to the membership and have had their reaction before it was finally rejected by the National Advisory Committee. I would like to make that quite clear.

By Mr. Gibson:

Q. It was done by secret ballot?—A. It seems to me that the members of Parliament, once they have a mandate from their constituencies, would not toss everything back or have a secret ballot upon every question that comes before them. All we have done is to have the proposals which were made to us reported back and to receive their reaction to those proposals.

By Mr. Sinclair:

Q. I was a member of this committee which gave the steering committee full power to pick a qualified labour lawyer. That is why I was so disturbed to hear Mr. Millard's protest that Mr. Robinette has only acted for the employer in labour cases. I think in fairness to the members of this committee who were on the steering committee, and certainly as far as the record is concerned, Mr. Robinette and that gentleman who is sitting next to him, Mr. Lieff, the junior counsel, should give to this committee the same sort of biography that Mr. Millard was asked to give, by a member of this committee, in respect to labour cases, and as to his war services.

Right Hon. Mr. HOWE: Mr. Robinette was chosen by the Minister of Justice. He asked a very large panel of lawyers to accept the job but was unable to get anyone. It happens to be the holiday time in the legal fraternity. In fact, I think he asked seven or eight before he asked Mr. Robinette.

Mr. Robinette is a counsel in Toronto and has acted for my department in certain cases. He has a very large practice. Now, with respect to his being a labour lawyer, he is as free as a bird to take cases from wherever they may come.

MR. SINCLAIR: In Vancouver, which is a strong union town, there are certain lawyers who are known to be definite labour counsel, while there are other lawyers who are inevitably to be found on the side of industry. I would like neither kind to act for this committee. I would like to have a man who took all cases, sometimes representing industry and sometimes representing labour. I am keen on this matter of war preference. I am convinced that there may have been some measure of that behind the question asked of Mr. Millard. I am glad to hear that he was a Sergeant-Major in the last war. What experience has Mr. Robinette had in both labour matters and unions?

The CHAIRMAN: Order! I think that discussion is out of order because the steering committee has made a very thorough study and I have reported its appointment to the committee which has accepted the report and concurred in it.

Mr. CROLL: This committee authorized the steering committee. Mr. Robinette is one of the best counsel in the province of Ontario and I know the province of Ontario. I do not care which side he has been on in the past, I know he will do a job here. You authorized the chairman to pick him, in the steering committee; you authorized the chairman and the chairman did the only reasonable thing he could do, he consulted the Minister of Justice, and it was upon the recommendation of the Minister of Justice that he made the appointment. Every appointment is made on that basis.

Mr. MAYBANK: Anyway, the lawyers don't bother about it; it is always open season on them.

Mr. CROLL: No, but the accusation was made. I did not take any objection to Mr. Millard's objection, it is true; but you must realize when a lawyer gets into a certain groove, he stays in it.

The CHAIRMAN: Order, please! I ruled that this discussion was out of order. I would like to proceed with the witness.

Mr. MACINNIS: There are two phases to this discussion, and it is not out of order. I was saying to-day how the committee had got itself into a jam, and now they get into another one.

Yesterday, when Mr. Millard was asked to give a biography of himself and I got up and protested, there were no oh-ohs from the committee.

If Mr. Millard is asked to give a history of his activities from birth to the present day, then it is proper to ask that of any other person who comes here.

Mr. CROLL: Mr. Robinette is not giving evidence.

The CHAIRMAN: Order, please.

I rule that all discussion on the merits or demerits as to the counsel is out of order. If the honourable gentleman will challenge my rule, he may do so.

Mr. MACINNIS: I want to make a point of privilege. I made it quite clear in the committee that I did not know the persons engaged. They were Eastern lawyers, and I did not know them. I agree with Mr. Sinclair that we do not want a lawyer who has a civil practice in defending labour, or one who was defending industrial establishments. What we wanted was a lawyer who was not engaged in either. I did not know either one of these men who were engaged.

We are seeking all the information we can get. I think if the lawyer, who has been appointed, asks anything that any member of the committee thinks is unfair we can check up on him, and tell him not to answer.

I would say that if we want to hurry and settle the strike that we get along with business, and we do not fight amongst ourselves.

C. H. Millard, National Director, United Steelworkers of America, recalled:

By Mr. Robinette:

Q. Mr. Millard, in your brief you make the submission that steel is a basic industry of national scope and national importance, and therefore, should be designated as a national employer, or be dealt with on a national basis. Would you mind explaining what that specifically means?—A. First of all, I crave the indulgence of the committee to say that while I raised a point of protest, I want the committee to know that there was nothing personal in the matter. I have always looked upon Mr. Robinette as a very fair member of the Bar.

In connection with a national industry business, coal is regarded as being of national scope, and shipbuilding is the same, but in the steel business, it is regional. All our local trouble, except those having to do with mining, has to be referred to the regional boards, and they deal with them within the boundary of their experience in regions. That was one of the reasons we found that in Nova Scotia the matter had to go to Halifax.

Q. Your objection, from the wage standpoint, is that it is being dealt with the regional board and appealed to the national board?—A. Yes. That means a long drawn-out process, which has been detrimental on arriving at our demands.

The second item is that these corporations operate on an inter-provincial basis. Dominion Coal and Steel Company has a number of subsidiaries in different provinces. Algoma Steel Corporation is solely confined, as far as I know, to Ontario. The Steel Company of Canada has a number of branches of the firm operating in Ontario and Quebec.

We, therefore, find that in the field of labour relations, and in the field of wages, that we have to deal with laws in the various provinces regarding labour relations. We feel that there is not adequate solution in achieving national standards in a basic industry unless it is on a national basis.

Q. You do not mean by your brief that you expect all the companies to bargain with you jointly?—A. No, we want a master agreement for the corporation. For each individual corporation?—A. Yes.

Q. Covering its respective plants?—A. Yes

Q. From the wage standpoint, you are submitting that the matter should be controlled by the national board?—A. Yes.

Q. On page 5 of your submission, Mr. Millard, you say that you used all the machinery available for the settlement of this dispute. Did you not go, in Ontario, to the Ontario Regional Board?—A. In the first place, in trying to settle our dispute with these corporations, we have gone through the board on past occasions.

Q. In connection with your last attempts, did you, first of all, apply to the Ontario board?—A. No; we never got to the point where we could get an application or a joint application before the board.

Q. What do you mean by that?—A. We have found in going before boards so much time is involved in the regional or provincial hearings, and then by way of delay, that the corporations appealed to the national board when the award did not suit its purpose, that we decided that it was impossible to start on that process again.

Q. Putting it bluntly, you decided to take action instead of using the government machinery?—A. Instead of using a board.

Q. You give as your reason for that, the fact that the board delayed the matter?—A. Yes; and the fact that the board had the right of only such a limited increase that it could not have granted what we asked.

Q. You realize that under P.C. 2432 that a wage board may authorize an increased wage now, if they are of the opinion that it is just and reasonable. Did you consider that, as a matter of policy?—A. Mr. Robinette and members of the committee, I would like to say that it has been our experience throughout the war that in every wage control order there is included a "fair and reasonable" wording. It is totally a matter of interpretation, and we find that every time those words are in an order, the regional board has brought into Ottawa and instructed as to what is fair and reasonable. When we have it from the Minister in the House of Commons that ten cents is fair and reasonable, then we must assume that ten cents is the limit that those boards will give.

Hon. Mr. MITCHELL: In connection with my statement in the House of Commons, I said I thought that ten cents was a fair settlement in that particular dispute. I remember my friend Gillis asking me the following day if there was any limit, and I said no. Do you remember that?

Mr. GILLIS: Yes, that is right.

** By Mr. Gillis:*

Q. Has it been your experience that the labour board, in the case of the American Can Company where a 15 cents award was made, that the operators ignored that entirely and the workers are still waiting the board's decision?—A. I think the member of the committee is possibly dealing with two question. I would like to explain to the members of the committee that in the American Can Company case, a controller was put in the plant and the employees of the company returned under controllership and worked out an agreement with the employer, and they made a joint application to the regional board in Vancouver, and the regional board heard the case and disallowed the application. Then a joint appeal was made to the national board and representatives of both the company and the workers came to Ottawa and again put the matter before the national board, and the national board turned down the joint application simply because it was in excess of the policy being adopted by the boards at the time.

Recently, and I think the members of the committee should know this because they are interested in resolving all disputes, not just this dispute, the employees and the management of the American Can Company in Vancouver have come to an agreement of 15 cents an hour across the board, but they are afraid to put that before the regional board because they have placed it before the national board, and the regional board has nothing to follow but the obvious policy that is trying to be imposed at the moment and they feel they will disallow about 5 cents of that application, and then the only next step would be to appeal to the national board, which might be a very long drawn-out process. The difference between 15 and 10; and all the time these employees, and even this employer has agreed. An employer just south of the border has increased wages 18½ cents.

By Mr. Johnston:

Q. Without increasing prices?—A. Without increasing prices. I do not know. They got their price increase from the American government and they got 18½ cents increase in the United States; but here we are unable to accept that increase or arrive at it jointly between ourselves and the employer because of the policy of the War Labour Board. I do not mind telling the members of this committee that by the 1st of August this year, as I have already indicated to the Minister of Labour, unless some way may be found whereby an agreement can be reached between the employer and labour and ratified by this board, then there is going to be further dislocation of industry in this country, it just cannot be helped; because, if you stop them from arriving at an agreement through collective bargaining, there will be differences.

The CHAIRMAN: When will the committee meet again?

Mr. SINCLAIR: 8 o'clock to-night.

The CHAIRMAN: 8 o'clock?

Mr. SINCLAIR: I move that we sit at 8 o'clock.

The WITNESS: I wonder if I might ask the chairman and the members of the committee: yesterday I presented what I believed was a preliminary statement; it did not constitute a brief; it was not a brief, but a preliminary statement. I would like to know if the committee will wish a brief to be presented supporting our demands?

Mr. CROLL: I think so, by all means; anything you like, by all means.

Mr. SINCLAIR: I move that we meet again at 8 o'clock to-night.

Mr. CROLL: We would not be able to finish with Mr. Millard. I want to have a chance to read the evidence and ask him questions in the light of it. I

think everybody else does too. Let us have an opportunity to look at the evidence and start again with Mr. Millard on Monday morning, and then we can follow with Mr. Hilton

Mr. SINCLAIR: We will have to finish with Mr. Millard first.

Mr. CROLL: I do not see how you can finish with Mr. Millard to-night.

Mr. SINCLAIR: Then there is no use in calling any more men here until we do.

Mr. CROLL: Well he could stand aside for cross examination later. He will always be available here.

The CHAIRMAN: What is the decision of the committee?

Mr. MACINNIS: I think we should proceed this evening. This committee was organized in a hurry. The statement was made by the Prime Minister in reply to Mr. Smith in the afternoon; and at half past nine that evening I got a notice there was to be a meeting of the industrial relations committee and we met. There was no time to be lost. Here we are meeting to hear a witness who came all the way from Hamilton, yet we keep him here for two hours a day. If these witnesses want to go on, I think they should proceed.

Mr. JOHNSTON: I think they should go on this evening, too.

Mr. CASE: I think we should meet at 8 o'clock to-night.

The CHAIRMAN: All right, we will meet again at 8 o'clock to-night. Order, I have a telegram that I propose to send to the three steel companies. It reads as follows:—

Your attendance required before the Industrial Relations Committee, House of Commons, on Monday, July 22nd, at 4 o'clock.

(Sgd.) MAURICE LALONDE,
Chairman.

The committee adjourned at 6 p.m. to meet again at 8 o'clock to-night.

EVENING SESSION

The committee resumed at 8 p.m.

The CHAIRMAN: Will you proceed, Mr. Millard?

Mr. C. H. Millard, recalled.

By Mr. Robinette:

Q. Mr. Millard, for a few minutes to-night I should like to take you through the course of negotiation with a view to determining on several matters how far the union and the company are really apart, and if I might I should like to deal with wages first. I understood that your original demand for an increase was 19½ cents per hour across the board. Is that correct?—A. Yes.

Q. I suppose that 19½ cents per hour figure was not grabbed out of the air, but there was some basis or principle behind your selecting 19½ cents. Would you care to indicate whether that is so or not?—A. The 19½ cents arises out of the amount of money which we feel is required for a health and decency standard of living based on \$1,750 a year divided by the number of working weeks and on the basis of 40 hours per week. We do not believe that steel

workers or other workers can work more than 40 hours and provide the amount of employment that these industries should provide for the returning personnel from the services or from displaced war work. So that the question of wages is also coupled with hours, and 40 hours into a minimum of \$33.60, which is approximately \$1,750 a year, gives you 84 cents an hour minimum rate, and that, taken from the 64½ cents, leaves 19½ cents increase to get to the 84½ cent rate and the \$33.60 per week. I might say that while most of the steel companies in continuous operations are working for 48 hours, there are a great many people in the industry, even in the steel companies themselves, that are only working 40 hours—some 42, some 43. In the case of Stelco, the Steel Company of Canada, in their big plant in Hamilton, the average number of hours worked, counting all those who are working 48 hours or more, is 45 hours a week at the present time, meaning that a great many are only working 40, 42 and other hours under 48. So we felt that \$33.60, being some \$2 less than the amount stated to be required for health and decency by the Toronto Welfare Council for the average Canadian family, was the very minimum on which people could be expected to live in health and decency in Canada. That is how we arrived at the 19½ cents an hour wage increase, or \$33.60 based on 40 hours a week.

Mr. MAYBANK: Mr. Chairman, would counsel in due course ask for a statement of the hours of work of different classes and the wages paid?

Mr. SINCLAIR: Ask it yourself.

Mr. MAYBANK: Excuse me, I am conducting my own operations.

The CHAIRMAN: You can ask that yourself, Mr. Maybank. It is your right to put any questions you like to the witness.

Mr. SINCLAIR: Thank you, Mr. Chairman.

Mr. MAYBANK: I do not wish to interfere with the course of the enquiry, as long as counsel has that in mind.

The CHAIRMAN: But I must point out very definitely that every member of the committee has the right to rise in his seat and ask any question he wishes of the witness.

Mr. MAYBANK: Mr. Chairman, I am quite aware of that.

The CHAIRMAN: Yes.

Mr. MAYBANK: I only took the method of doing it that way because, in my judgment, it was the better way of doing it; that is all. I quite realize that no person would strive to keep me from asking a question. I put it the other way because it may be better; that is all.

Mr. SINCLAIR: We are glad we have a lawyer to help you.

The CHAIRMAN: Would you be kind enough to answer Mr. Maybank's question, Mr. Millard?

Mr. ROBINETTE: We will deal with Mr. Maybank's question now, if you like.

Mr. MAYBANK: Whenever it is convenient to you, it will suit me.

Mr. ROBINETTE: It is logical to do it at the moment.

The WITNESS: The hours of work question it seems to me would be better handled if it came from the management. They have the records and can give the exact hours that everyone in their employ is working. If we wanted to be accurate, we would have to go over and find out the exact hours that the employees are working before I could accurately answer your question.

Mr. MAYBANK: That is quite all right.

The WITNESS: You will have an opportunity of getting that, I presume, from management when they appear here.

Mr. MAYBANK: That will be all right, then.

By Mr. Robinette:

Q. By way of general indication, from your knowledge are some of them on the 48 hour week?—A. That is the standard work week for the continuous operations particularly throughout the steel industry.

Q. In arriving at your figure of 19½ cents per hour, which you regard as a justifiable increase, do you take into consideration any differentials in the cost of living across Canada? I mean, we are dealing with an industry which carrier on business in different localities and it is well known, I think, that the actual cost of living differs. Has that been considered by you?—A. It is true that there are some small differentials in the cost of living index as between the various industrial centres. But it is also true that in the materials or in the things that the workers in the steel industry and the other industries have to buy—such as food, clothing, and shelter—there is not very much difference. In fact, the cost of living is higher in some places than one would expect. I would say that the cost of living index is not a very good guide because often times you will find that where there are low wages, the cost of living is a little lower there simply because the people have not the money to have the same standard of living as they have elsewhere. Therefore the cost of living is slightly less. If the wages were the same you would find that there would be very little, if any, difference in the cost of living index in the various industrial centres of this county. I might say in that regard that it has always been a strange thing to me why it is that people have accepted the idea of a differential between British Columbia, we will say, and the rest of Canada; because I do not think it can be demonstrated that the cost of living in Vancouver is any higher than it is in the city of Montreal or Toronto; in fact, I think in some instances it is less in that area than it is elsewhere.

Mr. SINCLAIR: Hear, hear.

The WITNESS: So that does not justify a difference in the rate. We are therefore determined that, in so far as the steel industry is concerned, there should be uniform rates and no discrimination against people because of their geographical position in Canada.

Mr. MACINNIS: Mr. Chairman, might I interject a question here?

The CHAIRMAN: Yes.

By Mr. MacInnis:

Q. Was the price increase granted by the Wartime Prices and Trade Board the same in all the steel industries, no matter where they were located?—A. There was one order issued and it applied throughout the entire industry, no matter where it was located, whether it was in Nova Scotia or elsewhere.

By Mr. Robinette:

Q. It was uniform across the board?—A. Yes, it was uniform across the board.

Q. I judge from the evidence of the document you filed, that during the course of negotiations, with a view to compromise, you tempered your demands at some stage to 15 cents an hour. Is that correct?—A. In an attempt to avert strike action and therefore the disruption of productivity in Canada, we did offer to compromise to some extent; realizing that it was not possible for management to immediately drop the hours down to 40, we were willing to compromise the money returns and to temporize the question of the reduction of hours at the same time, and therefore we reduced our demand for the 40 hour week by granting a 44 hour week and we lowered the 19½ cents figure to 15½ cents and overtime after 44 hours.

By Mr. Archibald:

Q. I should like to interject a question here. Has there been any case where 15 cents has been granted; and if so, where?—A. 15 cents plus overtime after 44 hours for 6 months of the year, and overtime after 40 hours for the other 6 months of the year was granted to the west coast loggers and the west coast logging industry, including sawmills on the west coast.

By Mr. Gibson:

Q. Would you say logging conditions were as continuous as your employment in the steel industry?—A. There may be some off seasons, but that certainly does not apply to the sawmills. The sawmills are as continuous as the steel industry.

By Mr. Sinclair:

Q. I represent a lot of sawmill workers. I understood it was 48 hours in the summertime and 40 hours in the winter, an average of 44 hours. You said 44 hours and 40.—A. No. I said they got overtime after 44 hours for 6 months.

Mr. GIBSON: That is quite right.

The WITNESS: And overtime after 40 hours in the other 6 months in the year.

By Mr. Johnston:

Q. Before you leave that 19½ cents, Mr. Millard pointed out that one of the reasons for establishing that price was the cost of living throughout the country and the living standards of the workers; another was to provide jobs. I was just wondering there if there was any consideration given as to the profits that the companies were making; in other words, whether the companies could afford to pay 19½ cents an hour and what method did the unions have in arriving at the profits of a company?—A. Well, I should like to complete the answer to the question asked regarding instances of the granting of 15 cents an hour. Then I will be pleased to go on with the further question of the ability of the companies to pay and what the unions do about that.

Mr. ADAMSON: Might I ask Mr. Millard a question with reference to logging. Is it not true that when Mr. Justice Sloane gave the 15 cents an hour, one of the reasons given in the judgment was that logging was a 10-month operation during the summer months, on account of the fire hazard?

Mr. GIBSON: And snow.

Mr. ADAMSON: And logging was seriously curtailed.

The WITNESS: I do not know what the reasons were, but I do know that they gave it across the board. If there were disabilities in regard to some sections of the industry before the 15 cents was given, the same disabilities now are prevalent on the same scale; because the sawmill operations which are continuous operations and the making of plywood and so on have received the 15 cents as well, and they are not troubled by seasonal employment. Also that is true of the papermakers union who jointly agreed with their employers, and I believe have an application not yet granted before the regional board in British Columbia. I wanted to go on with that by saying that as to the interior woodworking industry of British Columbia it was stated by the Minister of Labour in the House of Commons, I believe, that they received a 10 cent award, but I do not think the minister made it plain that there were also adjustments in wages made to those same workers before the 10 cents was granted, and that the adjustment plus 10 cents plus the overtime provisions gives them actually, in some instances, much more than 15 cents. It certainly was conveyed to the country by the minister that 10 cents was the settlement in that case. 10 cents was not the entire settlement. It was only a part of it.

By Mr. Case:

Q. I think it should be noted that the settlement made with regard to lumbering was applicable only to British Columbia because the Ontario loggers did not receive that benefit. Therefore there is a regional settlement.—A. They were not on strike, however.

By Mr. Robinette:

Q. Would you answer Mr. Johnston's question?—A. That is the question regarding the ability of the company to pay. There is no question about it that if that is going to be the measuring rod then those companies who are well able to pay ought to be paying far more than 15 cents if you are going to take the companies who are not able to pay and say they should not pay 15 cents.

Mr. GIBSON: You cannot pay it if you have not got it.

The WITNESS: I cannot see why the employees should be victims of inefficiency, lack of capitalization, lack of modernization, lack of being competitive in an industry. I cannot see why that should be visited upon those who are doing their best and making their contribution to industry on the same scale as workers elsewhere. There may be some companies in the steel industry who are not able to pay. They may claim that their particular operation does not pay dividends for the investment made, but it is true that some companies who plead inability to pay also have paid dividends in the past year and the entire corporation shows a profit of something over \$3,000,000.

Q. You are speaking of a steel company?—A. One of the steel companies.

Q. Which one?—A. Dominion Steel and Coal Corporation. In the case of the Steel Company of Canada—

By Mr. Homuth:

Q. You say they had a profit of \$3,000,000. Perhaps it might be well to find out what is the capitalization before you start to stress the amount of money that was paid. Let us have it as against the capital invested.—A. May I respectfully suggest to the member that you can get that information from the—

Q. That is quite all right, but I do not think you should make the statement here that the company made \$3,000,000 profit. It might have been on a basis of \$3,000,000 investment or \$6,000,000 or \$10,000,000, or \$15,000,000. We do not know.

Mr. ARCHIBALD: So what?

Mr. HOMUTH: That is putting a wrong impression before the committee.

Mr. MACINNIS: No, he is not.

Mr. ROBINETTE: Mr. Millard suggests we should get that information from the company.

The WITNESS: That is right.

Mr. GIBSON: He must have that.

The WITNESS: We have the accounts here.

Mr. MAYBANK: If the witness has the information I have no doubt he would be quite willing to give it.

The WITNESS: I will be glad to file it with the committee if they wish it.

Mr. MAYBANK: Whenever you have it I submit you ought to assist this committee. If it turns out afterwards to be in error no person will hold Mr. Millard to account for that.

The WITNESS: I may say we will cover that in the brief if that would be satisfactory to the committee. I wanted to go on to say—

By Mr. Johnston:

Q. Before you leave that— —A. I am not going to leave it. I want to get back to it. I wanted to say in order to clear up this point about negotiations, because that is the question Mr. Robinette asked, how far we had got on that point. Stelco offered 5 cents per hour, and that was the only offer we received from them. There was no question of the inability of the company to pay. In fact the company told us through their spokesman, the general manager, that they were not pleading inability to pay but that they just were not going to pay. I do not see how they could plead inability to pay in view of the fact they made \$1,150,000 net last year besides all the excess profits taxes they paid, and in addition to the \$5 increase they have now received which will approximate \$5,000,000 additional revenue this year for that particular corporation.

By Mr. Case:

Q. Did the Steel Company of Canada at one time have a profit sharing plan with their employees, and have they now?—A. The Steel Company of Canada, before the cost of living bonus was paid, had a bonus system by which some of the profits were ploughed back to the employees through quarterly bonuses. When the cost of living bonus was brought into being they discontinued the sharing plan with their employees.

Q. They have not had it in effect since?—A. Not since that time.

Mr. ARCHIBALD: Now that you have got that far with Stelco—I gather that is the Hamilton plant?

The WITNESS: That is right.

Mr. ARCHIBALD: Now that you have got that far that you have only had them offer 5½ cents and you are out on strike I see by recent press reports it is a very dynamic or electric situation down there, and is there any way that we can continue these discussions in a reasonable tone knowing that conditions are in decent shape there while we are doing it? Have you any suggestions to make to maintain that peaceful condition while we are having the discussions?

Mr. JOHNSTON: We are not quite through with this other point.

The WITNESS: I will be very glad to give my advice if the committee wants it.

By Mr. Croll:

Q. You said that the \$5 per ton increase would amount to some \$5,000,000?—A. Approximately.

Q. Tell us what the wage increase will amount to approximately over the same period of time?

Mr. ROBINETTE: At 15 cents or 19 cents?

Mr. CROLL: Yes.

Mr. ROBINETTE: At 15 cents.

The WITNESS: It would approximate half that amount spread over the whole corporation, \$2,500,000.

By Mr. Robinette:

Q. Do you say that the best offer during the negotiations made by the Stelco was 5½ cents?—A. I wanted to complete that because during the commission hearings The Steel Company of Canada indicated through the commissioner—in fact, directly to the negotiation committee in the presence of the commissioner—that they were prepared to go up to 10 cents an hour.

Q. So the difference at the moment is between the 15 cents to which you have tempered your demands and the 10 cents offered by the company?—A. I

would not want to go that far in order that the record should clear. Our present demands are $19\frac{1}{2}$ cents. We believe that some settlement might be reached between $15\frac{1}{2}$ and $19\frac{1}{2}$ cents.

By Mr. Smith:

Q. You slipped a bit on that yesterday?—A. I notice the press caught it plus, and that is what I meant.

By Mr. Robinette:

Q. As far as Stelco is concerned you say they have offered through Mr. Justice Roach an increase of 10 cents?—A. Yes.

Q. That is where it stands at the moment?—A. Yes.

Q. Now, can you tell the committee with reference to the Algoma Corporation whether they have at any time made any overtures of settlement, and if so, to what extent?—A. As to the Algoma Corporation their first offer to the committee was $6\frac{1}{2}$ cents. After further consideration they did, in the presence of the commissioner, offer us 8 cents on which the commissioner expressed the view that was the absolute limit to which they could go. Later in the negotiations—

Mr. SMITH: On what basis?

By Mr. Robinette:

Q. Did they plead inability?—A. They pleaded inability to pay, and the commissioner expressed the opinion that he was convinced they could not pay more than 8 cents an hour which they were offering. Later in the commission hearings the commissioner indicated that it might be possible to achieve 10 cents across the board for Algoma and Stelco and Dosco.

Q. Speaking for a moment of Dosco, has Dosco made any offer?—A. Dosco has made no offer whatsoever directly to the union. The only offer that has been made has been made on their behalf by the commissioner.

Q. What was that?—A. 10 cents an hour.

By Mr. Gillis:

Q. May I ask you while you are on that, is there an application now before the National War Labour Board to wipe out that differential of five cents?—A. There is.

Q. And what is the status of that now?—A. The latest word we have from the co-chairman and secretary of the War Labour Board was that the matter was now before the commission or the controller, I am not sure which; they had agreed not to deal with the matter just now.

Q. How long have they been dealing with it? Give us a little of the history?—A. They have been dealing with this differential matter ever since the question was raised over a year and a half or two years ago. It actually flows out of the settlement of the steel strike in 1943, and they have been dealing with the adjustment of the differential matter for a year and a half or two years now.

By Mr. Croll:

Q. You mean the application has been before the board a year and a half?—A. That is right. We had an application before the regional board and then we took it before the national board in the form of an appeal; then we made a further application to the regional board and took an appeal on that to the national board and now we have put in another application and the matter is still before the commission.

Q. And there has been no decision?—A. No decision has been reached, except that our application has been turned down by all four boards.

Mr. MACINNIS: What is the date of the first appeal to all four boards?

Mr. HOMUTH: Now, wait a minute—

The CHAIRMAN: Order please. Mr. MacInnis has the floor.

By Mr. MacInnis:

Q. Mr. Millard referring to the applications to the National War Labour Board in regard to the differential what was the date of the first application to the War Labour Board?—A. I cannot give you the exact date, but I would say it was in the spring, I believe in 1944.

Q. And what was the date of the last appeal to the War Labour Board?—A. I will get those dates for you.

Mr. ROBINETTE: Would you explain to the committee why there were two applications?

Mr. GILLIS: Would you excuse me for a moment, Mr. Robinette?

Mr. ROBINETTE: Certainly.

By Mr. Gillis:

Q. I am interested in this. Can you tell us the last information you had with respect to that application; whether the War Labour Board turned it down, or whether the Dominion Steel and Coal had authority to settle? Have you been able to find out exactly who made the deal on behalf of them?—A. Who made what?

Q. I mean the War Labour Board had the application you spoke about, and then you say you are not sure whether the controller or the Dominion Steel and Coal were going to make an award, or the National War Labour Board. I want to find out first the possibility of that being worked out, because as far as Sydney is concerned, I think it is the worst of the sore spots.—A. It has been indicated to the Union that if the Union are prepared to settle for ten cents across the board that the differential would be wiped out retroactive to the first of January. There also have been some informal proposals made through the Minister of Labour in Nova Scotia that if the Union would settle for ten cents the differential would be wiped out retroactive to the first of November of last year. Those suggestions have come to the Union.

Q. Is the granting of that five cents conditional upon the settlement of the general steel strike?—A. It seems to be.

By Mr. Croll:

Q. Was it part of the commissioner's suggestion when he said he could get ten cents across the board that the differential would be wiped out?—A. Yes.

By Mr. Robinette:

Q. That covers the situation as to wages, does it, and, of course, all the negotiations and the way it stands today, indicating how far you are apart?—A. Yes.

Q. That is accurate?—A. Yes.

By Mr. Gillis:

Q. You have your subsidiary companies hooked up to your general wage demand, do you not; demands made on the basic plants apply also to the subsidiaries?—A. We want when a settlement is made to have that settlement apply to the entire corporation, wherever steel workers are the bargaining agents for the employees, because we take the position that the company is making its profits from all the workers in the industry, no matter where they are working,

whether they are in a branch plant or the main plant. They have one consolidated balance sheet. Their dividends are all one, and their price increases apply to the entire industry; because we have had advances in the subsidiaries as well as the main plants. We want it straight across the board for everyone we represent.

Q. The subsidiaries are the only ones affected?—A. All the subsidiaries of these corporations in which the steel workers are the bargaining agents.

By Mr. MacInnis:

Q. Could we have it on the record?—A. We can put them on the record.

Q. Could you name them? Have you their names?—A. Yes, we have the thing here. The subsidiaries of the Dominion Steel and Coal Corporation are the Trenton Steel Works Limited—

Mr. CROLL: Just a minute. What was that you said?

The WITNESS: Trenton Steel Works.

Mr. GILLIS: They will be on the record.

Mr. SINCLAIR: He (the reporter) can't get it at all.

The WITNESS: Pardon me. Trenton Steel at Trenton, Nova Scotia; the Eastern Car Company, at Trenton, Nova Scotia; James Pender and Co. Limited, Saint John, New Brunswick; Canadian Tube and Steel Works Limited, Montreal, Quebec; Canadian Bridge Company, Limited, Windsor, Ontario. The branches of the Steel Company of Canada are at Gananoque, Ontario—that is called The Steel Company of Canada—Brantford, Ontario; Hamilton, Ontario, they have three plants there called the Hamilton Works and the Ontario Works and the Canada Works.

By Mr. Robinette:

Q. Are all these plants strikebound now?—A. Yes.

Q. All three?—A. Yes.

Q. What is the Brantford Company?—A. The Steel Company of Canada, Brantford Works; Toronto, the Swansea Works; the Lachine Works; and another plant at Montreal called the Notre Dame Works. They have three plants in the Montreal district.

By Mr. Croll:

Q. I have only got two, Lachine and Notre Dame.—A. The other one is marked "Montreal" here.

Q. Just the three?—A. Yes. There is one, the Notre Dame Works at Montreal, and one at Lachine, and I believe the other one is called the St. Henri Works.

By Mr. Gillis:

Q. Algoma has no subsidiaries?—A. Except the Helen Mine, which in under the steel workers as well. The Helen Mine is also part of Algoma Steel.

By Mr. Case:

Q. Might I ask the witness at the time the Steel Company of Canada had profit sharing or the bonus plan you described, did that appear to be a satisfactory arrangement for the workers?—A. No, because the wages were kept low in accordance with the sharing plan.

Q. So you feel there is no possibility of a solution in that regard?—A. No.

By Mr. Smith:

Q. Why do you say that?—A. Because in this case it was completely arbitrary, and decision as to the share that was going to be given and paid; you

see that is was in effect bonusing some people at the expense of others. It was an arbitrary arrangement and there was a great deal of dissatisfaction regarding the bonus plan that operated. It was not properly shared, and there was a great deal of dissatisfaction regarding the company's plan that operated at Stelco.

By Mr. Case:

Q. At that time did the workers have any representatives on the boards of directors of the steel companies?—A. None whatsoever. They decided what share was to be divided in the company's plan.

By Mr. Maybank:

Q. What would be your view of the same sort of thing if it were not arbitrary but a matter of agreement?—A. It might be a very good thing, if it could be worked out co-operatively for the workers to participate in.

Q. But it has not been attempted in this case because there has not been the proper relationship.—A. It has worked out well elsewhere; and at the end of the year a bonus is paid dependent on the profits of the company.

Q. Your real objection to it is that it is arbitrary.—A. Quite correct; there is no participation as to the division being made.

By Mr. Adamson:

Q. And your union would object to that.—A. I do not think it would be a differential in income but a differential in rates.

Q. A differential in yearly income.—A. I am not objecting to that as long as a man is paid the same for his labour that he is expending in that industry. Then, if any further benefits should come along, I would be glad to see them.

By Mr. Smith:

Q. It has not occurred for some years, but I recall the case of a Frenchman who came over here from Paris and was going to entertain the Prince of Wales but could not get him to come. This Frenchman was thrown out of the United States because he had a labour system which was called a speedy labour system.—A. The Bideaux system.

Q. Oh, you remember him. So do I. He got up an expedition to go across northern Alberta and British Columbia with motor cars on tracks. Are you in accord or in objection to the principle that, granted a day's work, then, dependent on income, dependent on profit, let me say, I kind of like that word—dependent on profit, you do not object to a difference in income between the various plants?—A. I would not object to it on that basis because, to that extent, the employee would be taken into partnership, and if he could make the business more profitable, then he would share in those profits. We would object, however, if the lowest paid worker is not receiving sufficient income to provide himself and his family with a decent standard of living. What they could do above that figure would seem to me to be all to the good.

Mr. ROBINETTE: May we pass on to hours of work.

Mr. SMITH: As far as I am concerned, you can pass on to anything.

By Mr. Robinette:

Q. You have indicated, Mr. Millard, in an answer to a question, that the standard work week at the moment is 48 hours. I understand your demand originally to have been a 40 hour week.—A. Yes.

Q. During the course of your negotiations, did you in any way temper that demand?—A. The corporation took the position that it was not possible to reduce the hours of work at the present time.

Q. Why?—A. They claim, in continuous operations it is not possible to work a half shift with a 44 hour week. We tried to point out that it has been done elsewhere by working six shifts in one week and working five shifts the next week; that would total to a 44 hour week. It can be worked out, we believe, but we do not believe it will be worked out unless the employers have to suffer some penalty by working over the standard work week that has been adopted. We are quite prepared to work it out with the employers, to work out some kind of a system whereby there will be a gradual approach and a gradual reduction of hours. We had hoped that the employer would co-operate, that is, in getting down to a standard 44 hour week at the earliest possible moment. We were prepared to start it on the 1st October and then have overtime apply above that time.

By Mr. Smith:

Q. You said 48 this afternoon.—A. No, I said that the 48 hours might start on the 1st April with overtime after 48 hours; and then the 44 hours would start on the 1st October, with overtime after 44 hours.

By Mr. Case:

Q. What are you prepared to do about the worker who works over 44 hours? For instance, in my home town the Trades and Labour Council are already complaining that these workers are taking other jobs in order to fill in the time and to make money outside of your plant?—A. If we pay him enough for the 40 hours, he won't want to take further work.

Q. You said this afternoon that you hoped that the 40 hour week would provide more work; but if these chaps take other jobs, then your purpose might be defeated.—A. The penalty would be to the employer who employs an employee who works in a steel mill for 40 hours. If he does that, he certainly would not get much labour from him outside of that.

By Mr. McIvor:

Q. You would be liable to have more overtime with a 40 hour week than with a 44 hour week.—A. Correct; but they would be likely to hire more men.

By Mr. Robinette:

Q. Do these observations as to overtime apply to all three companies that we are discussing?—A. Yes. In the final suggestion from the commissioner it was suggested that in addition to the 10 cents per hour increase right across the board, there could be an overtime provision after 44 hours, and that it would approximate 3 cents an hour for those who actually worked the 48 hours, with the 44 hour standard clause.

By Mr. Gibson:

Q. Why the 3 cents?—A. Because the amount of overtime on top of the regular pay makes it approximately 3 cents across the board for the 44 hours; and it is computed by the Labour Department that that approximates a 3 cent increase. But we object to it on this basis: that the man who is already working 40 hours does not get that increase because he is not getting any overtime. Therefore it is just a disguise, an illusion, because it does not exist.

By Mr. Smith:

Q. I want to get your views on a situation of this kind. Let us assume there is an industry in Canada which exports the major portion of its products and competes with a country where the standard of living and labour conditions are perhaps not what we have here. What is your view with respect to that

situation, and its bearing upon labour conditions? In short, do you believe that labour is entitled, with management, to accept competitive bids?—A. No, I have some very definite opinions regarding that matter. I believe that in the United States we have a classic example of where the wages are high, and the hours are low, yet they have been able, through efficiency, to compete with all the markets in the world, even in the poorest paid countries in the world. I believe it is absolutely necessary to have a high standard of living and therefore you will have high purchasing powers.

Q. I think you are making a pretty broad statement. What about subsidizing in the industries in the United States which compete with other industries in other countries. Those industries are subsidized by the general taxpayer. I think you have to be very careful, Mr. Chairman, what remarks we make, and be very careful about what we put in the record. Let us be careful about what we put into the record. Anything I put on the record will be facts. The thing is that they have had subsidized industries in the United States competing against industries of the world, and subsidized industries in Canada competing with industries in other parts of the world. Now, we have got to be just a little careful when we put these things on the record. It is not a question of fair wages. We are subsidizing industry so that they can pay that wage. Let us be careful.

By Mr. Croll:

Q. Let us get on.—A. I want to go on and say that we cannot accept the theory that because we want to deal with a foreign market we should pay low wages and therefore have low standards for Canada. We do not believe we could purchase the goods that make foreign trade possible if we have a low standard in this country. So we believe that we need a high purchasing power and therefore a high standard in order to make it possible for us to deal with the rest of the world. We cannot accept the theory that because we are in a competitive position and because some company wants to do business abroad that the workers in that industry should be put upon a competitive basis with the workers, say, in India or in some other low standard country; because then we are asking the workers in that industry to subsidize their particular undertaking. If that is going to be done, it should be done by the state as a whole and not by the worker in any one particular plant.

Q. May I say that you apparently admit my question was asked in order that you might be able to make that statement?—A. I presume so, Mr. Smith.

Q. Now, we will go further. We will take Dosco in Nova Scotia, which is the only industry in that province—the steel and coal end of it is practically the only industry in that province outside of what the people produce from the land.

Mr. SINCLAIR: And from the sea and the forest.

Mr. SMITH: If you will look at your definition you will see that the land includes water.

By Mr. Smith:

Q. Here is my point. You carry that to a point where you say that owing to conditions an industry is uneconomic that industry should be closed down, that it cannot carry its own weight. Is that an illustration of what you think?—A. I do not think so. I think the government has accepted that principle wholly. I think the members of the committee will recall that during the war period there was a wage increase of approximately a dollar a day granted to the miners in British Columbia.

Mr. SMITH: Including Alberta. I got that.

Mr. SINCLAIR: Such modesty.

The WITNESS: The same increase, regardless of the ability of the Dominion Steel and Coal Corporation, was granted to miners in Nova Scotia and was granted on this basis that here was a vital industry which was uneconomic, possibly, maybe inefficient, possibly, maybe it should be mechanized or modernized—however, it was uneconomic, and in spite of that fact the government of Canada subsidized that undertaking in order that the miners in Nova Scotia could have a decent standard together with their brothers out west. There was no discrimination as to the increase given at both points, regardless of the state of the corporations concerned.

Right Hon. Mr. HOWE: I suggest you are mistaken. The reasons why the government subsidized it was so that the consumer could get coal at the old price.

The WITNESS: That is correct, and I think myself it was a very proper action of the government in that case to meet the situation. But I think, in answer to Mr. Smith's question, that some industries might very well be closed out if they are uneconomic, and where you are developing natural resources required for the use of all Canadians it should not be done at the expense of the workers involved in that particular industry.

By Mr. Smith:

Q. Just one further question. My friend Mr. Sinclair, with whom I had dinner to-night, is talking about Nova Scotia. He probably does not know that on Vancouver Island the government paid all the advances in cost for the industry over there. They are mining two and a half feet of coal.

Mr. SINCLAIR: He knows.

Mr. SMITH: I know he knows, because I talked with him about it a few minutes ago.

By Mr. Smith:

Q. In Nova Scotia you have a ton and a half per man; in Alberta you have about four tons—I think the Minister of Reconstruction will agree with me. In some places in the United States they have up to seven tons. Is it your view, not as a steel man or a coal man, but as a Canadian that the government of Canada by subsidy should maintain, in either one of these areas, either on the west coast or the east coast—should by subsidy maintain industries which cannot carry their own weight; is that your view?—A. I do not think we should be content or the government should be content with continuing subsidization in such instances. If they are going to have subsidies, conceding the necessity in Canada, it might be well for them to take over the operation and see if it could not be made more efficient and cut down the actual expenditure of public funds in those regards.

By Mr. Maybank:

Q. With reference to that particular line of inquiry my understanding has been from the answers so far given to Mr. Robinette that that is not a live question in this steel dispute?—A. The hours?

Q. Whether some person would be driven out of business or require further subsidy?—A. Not unless it is being made an issue by the companies themselves.

Q. Has it not been your case that indeed there is enough money in the pot of each of the employers to pay that which you are asking?—A. In some places I believe there was enough money prior to the price increase, and I believe that since the price increase there certainly is enough money to meet our demands.

Q. As a consequence, the questions asked by Mr. Smith and the answers given by you are not live questions in this particular inquiry; is that right?—A. They have a bearing, but they are not immediate issues.

Q. They have not any bearing on this particular dispute, or have they?—A. Only in so far as Mr. Smith says Dominion Steel and Coal claim they have no money to pay and that if anybody is going to pay somebody else will have to pay; they cannot.

Q. My understanding is that you are in disagreement with their attitude on that point?—A. That is right.

Q. You hold that they did before the time of the increase have the money to pay?—A. I believe the corporation as a whole has the money to meet our demands.

Q. So it becomes practical, if you are wrong or if you are right, that this question is not germane to this matter; is that correct?—A. Correct.

By Mr. Smith:

Q. You said: "had the money to pay". You meant by that with the dominion government subsidies they had the money to pay, did you not?—A. No, I believe they made enough money last year that they could meet our demands in the Dominion Coal and Steel.

Q. Let us take last year, 1945, do you know the subsidies paid?—A. I do not know the subsidies paid on the coal business last year.

Q. Then, if you do not know, how do you know whether they require subsidies to meet your demands or not?—A. All I know is that their total profits were more than \$3,000,000 last year. I do not know whether they got those profits by way of subsidy. I did not have access to their accounts or books, and I am not allowed to put a chartered accountant in there.

Q. I do not think you ever should be.—A. I presume the dominion government audits their accounts and will know the subsidy factor and have the power to inspect and see that the subsidy is justified. Their profits we know were over \$3,000,000.

Q. You have raised a point which is of interest to the committee and it is this: President Truman in the General Motors matter appointed a committee—a fact-finding committee—to find out whether the companies could do this, that or the other thing. I am trying to be helpful. I certainly have not been critical up to the moment, I think you will agree. Do you go so far as to say the dominion government or any other government should inquire into the company's ability to pay and that should be a basis or an influence in fixing wages? Let me give you the other side of the picture. Or is the other side of the picture this, that you want a man to get so much money for a day's work?—A. Our viewpoint, Mr. Smith and members of the committee, is this, that a man should be paid a proper wage. That is the first consideration. That is the human element and it should be compensated. The human investment of Canadian life in the industry should be paid for. If the company finds that in paying a decent wage it cannot operate efficiently and develop the natural resources of our country, then it seems to me they should come to the government and prove their point and have the subsidy based on the fact that they have paid decent wages and are not able to pay a decent return on their invested capital. That is the only excuse I can see for a subsidy.

Q. You have used the negative side of what I have said. Your broad basis is this: for a given piece of work a man should be paid a given amount of money so that he can maintain himself on a decent standard of living. After all, you rest squarely on that, do you not?—A. That is correct.

Q. Then what you have added to that statement is just this, that if that cannot be done, then you think the national treasury should take hold?—A. Correct.

Q. All right. Do you go so far as to say that the national treasury should take hold if the whole industry is uneconomic? You have got a lot of men down in Nova Scotia working in the steel mills. Are you going to affirm the principle

that the dominion government should keep an unprofitable industry going by subsidy? Do you go that far?—A. I would go this far and say that if that industry is important to our whole economy, then it should be kept going by the country. But I do not go so far as to say that the dominion government should be responsible for uneconomic, inefficient industry being continued under private enterprise under those conditions. But if the government is going to invest in such an industry, then they should see that it is operated in the most efficient manner that it can be operated and put into a competitive position.

By Mr. Gibson:

Q. Would you not state that probably private enterprise might be more efficient than government enterprise?—A. No. I cannot conceive that.

By Mr. MacInnis:

Q. Mr. Millard, you have given a good deal of time to this point of ability of an industry to pay and to the extent that the workers in that industry should take that into consideration. There are several factors that I think we should take into consideration before we should ask Mr. Millard to give a reply. First, their organization has no word in management. You have no word in management and you do not know whether the management is efficient or not. You are selling your labour to that industry and you are taking a certain price for your labour.

Mr. SINCLAIR: Are these questions or statements?

Mr. MACINNIS: I am following the usual procedure.

Mr. SINCLAIR: I am asking for information whether these are questions or statements?

Mr. MACINNIS: Both.

Mr. HOMUTH: Wait a minute. Mr. MacInnis says they have no cost of management or anything. I think perhaps that is not according to the facts. The men pay \$1.50 a month, or whatever they pay towards the union. They must have some working management that gets paid, the same as industry has.

Mr. MACINNIS: Sit down till you get hold of what is going on.

Mr. HOMUTH: That is true, anyway.

Mr. MACINNIS: I said that the workers are selling their labour to the management and the price of labour is wages. If the industry did not pay, you would not suppose that the people who are supplying the coal, steel and other matters that enter into the product of that industry would take into consideration the ability of the industry to pay.

Mr. GIBSON: Wages are a first lien, Mr. MacInnis.

Mr. MACINNIS: That is quite so.

Mr. JOHNSTON: And that should be so.

By Mr. MacInnis:

Q. That is true. I am not finding fault. But until such time as the workers have a share in management, would you say whether they are able to pay or not is any part of the consideration in your application for wages?—A. I would not want to go so far as to say it is no part of the consideration of the workers, or of the people that we represent. I think that they do want to participate. I would go this far and say that until they do have some participation in management and are accepted as a partner in the business, they cannot make the contribution that they ought to be allowed to make. They ought to participate in that. I do not think that the workers can shrug their shoulders and say, "We have no responsibility in this matter." I think they

would rather work in an industry that is prosperous and able to get along on its own feet without subsidization; I think that they would much rather work in such an industry than in one which has to be subsidized. I think that would be the position of labour generally. But I do not think that the workers, as I said before, should be victimized because they happened to be in a locality or working in an industry or corporation where they are not efficiently organized and not efficient in their operations.

Mr. SMITH: I want to ask this simple question—

Mr. MACINNIS: Just a minute. I think you misunderstood me. I did not say that the workers were not interested in the efficiency of their own employment in the industry and their own output. I think what I said was this: should the employees of an industry take into consideration the ability of the industry to pay when they had no share in the management of the industry and they were not allowed any share in the management of the industry?

The WITNESS: I would answer that by saying that I do not think they could take it into consideration.

By Mr. Croll:

Q. Following that, getting back to realities again for the moment and away from the hypothetical, I understood you to say that the least competent of the companies is Dosco. Was that correct?—A. Apparently.

Q. The least efficient?—A. Apparently, from their results.

Q. Yes, I think that is generally correct.

Mr. HOMUTH: How do you mean, that they are less competent?

Mr. CROLL: Ability to pay wages is what he means. The industry itself has realized that and Dosco was prepared to pay 15 cents and the others were prepared to pay 10 cents if you would settle. Did I not understand you to say that? Did I not understand you to say that Commissioner Roach suggested or made an offer of 10 cents in each one of the industries, doing away with the differential in Dosco?

The WITNESS: I should like to explain that the 15 cents offer was to wipe out the differential. That would make all the wages throughout the industry on a uniform basis. Then the 10 cents was to apply, and the 10 cents was not acceptable there any more than elsewhere.

By Mr. Croll:

Q. Exactly; it was 10 cents in Steel, 10 cents in Algoma and 15 cents in Dosco. That is what I understood.—A. It was not 15 cents flat across the board.

Q. No. It was 10 cents flat across the board with the 5 cents differential wiped out.—A. That is right.

By Mr. Gillis:

Q. Mr. Millard, I do not think the question of the ability of either of the companies to pay was very important a factor in precipitating the present trouble, was it?—A. No.

Q. Am I right in assuming that your difficulties arose out of two boards. First there was the inability of the War Labour Board to settle your problem because the Wartime Prices and Trade Board had struck a dealine of 10 cents. Is that not correct?

Mr. CROLL: He does not know that.

The WITNESS: That is what it seems to be.

Mr. GILLIS: Government policy laid down by the Wartime Prices and Trade Board said that anything over a 10 cent increase at the present time would be considered inflationary. It places the War Labour Board in a position where

they cannot deal with you and increase your wages unless the Wartime Prices and Trade Board are prepared to say that anything over that would not be inflationary.

Mr. HOMUTH: No, no.

Mr. GILLIS: Am I right in saying that?

Mr. HOMUTH: Just a minute.

The CHAIRMAN: Order, order.

Mr. HOMUTH: It is all right for Mr. Gillis to make a statement, but—

Mr. GILLIS: That is not a statement.

Mr. HOMUTH: It is all very well for Mr. Gillis to make a statement but is that a fact? Is it a fact that the minister suggested a 10 cent raise and that anything over 10 cents would be inflationary?

Mr. GILLIS: The minister does not suggest anything. The minister is told.

Mr. HOMUTH: Does that mean the Wartime Prices and Trade Board is governed by what the minister says now? I think we had better get these things straight.

Mr. GILLIS: What I am trying to get at is I am trying to get down to rock bottom and see if we cannot get somewhere and develop some kind of formula to settle this matter. If I am correct in those two assumptions—and I think I am—it is very obvious that the Minister of Labour does not lay that down. They hire experts to tell them what is inflationary and what is not, and my conception of the thing is that Donald Gordon has said "10 cents and no more, otherwise you will get into a spiral of inflation."

Mr. HOMUTH: Did he say that?

Mr. GILLIS: Sure he did. It is government policy.

Mr. HOMUTH: Let us get it on the record if he said it.

Mr. GILLIS: If my assumption is correct then am I right in further assuming there is not much use in going back to the War Labour Board, there is not much use in going back to the companies with it, and there is not much use in having a controller come into the picture? I am asking you if I am right in this assumption that what this committee has to do, and do as soon as possible, is to bring Donald Gordon and the representatives of the Wartime Prices and Trade Board here to this committee and have Donald Gordon tell us that anything over 10 cents is inflationary. He has to prove that to us and that it would endanger the whole structure of society. Is not the key to the thing now having the Wartime Prices and Trade Board come before the committee so that we can decide whether that ceiling can be lifted or not? No one else has authority as long as the policy of the government is as directed by the experts in the field of finance. Am I fairly right in assuming that?

Mr. MAYBANK: Before that question is answered I would submit that is not a proper question for the witness.

Mr. GILLIS: The chairman.

Mr. MAYBANK: If you are asking the chairman then I really have a point of order.

The CHAIRMAN: I would not care to answer it.

Mr. GILLIS: If the witness does not want to answer he does not have to.

Mr. SINCLAIR: In fairness how can he?

Mr. MAYBANK: My statement is to be understood as a point of order. I feel that we should strive to get the assistance of the witness with reference to those things that he really knows and not that which is mostly opinion which would be the case in answering that question.

Mr. GILLIS: Is this a point of order? You can make your speech after I am through.

Mr. MAYBANK: It is a point of order.

Mr. SINCLAIR: A good point of order.

Mr. GILLIS: It is beginning to tramp a little on the government's toes.

Mr. MAYBANK: I will turn to Mr. Gillis to make it clear that it is a point of order.

Mr. GILLIS: That is why we are tramping on them. They are stuck out too far.

Mr. SINCLAIR: Should we ask for facts or opinions? He can give us facts on the steel industry but not opinions on government policy.

Mr. MACINNIS: He was giving opinions on questions asked by Mr. Smith.

The CHAIRMAN: Order, please; Mr. Maybank rises on a point of order.

Mr. GILLIS: And makes a speech.

The CHAIRMAN: He has got the right to make a speech on a point of order.

Mr. MAYBANK: With reference to Mr. Gillis' remark about my making a speech I am afraid that is true although it was done with a good many interruptions. It was only done to explain the point of order. I am not arguing on the merit of what Mr. Gillis said. It may be that it is true but that is not a matter for the witness. That is the point of order. It did require a few sentences in explanation of the point, particularly in view of the fact they were not consecutive after all but were interrupted occasionally.

The CHAIRMAN: Order, please. I have already stated to the committee that I would not admit hearsay evidence. That is correct. I think that is generally admitted. On the other hand I think that a witness in a committee of this kind has the right not only to state facts but to give opinions on facts that he knows personally. I would draw the attention of the members of the committee also to the fact that I have given full latitude to the members to put questions, but I do not think the member is in order in making a speech. I would draw the attention of the members also, and more particularly Mr. Gillis who had the floor, to the fact that we were dealing with the question of hours a few moments ago and now we have sidestepped to the policy of the Wartime Prices and Trade Board. That may properly come up later on and if it is the wish of the committee to call Mr. Donald Gordon later on then Mr. Donald Gordon will appear and all members of the committee will have a full opportunity to go into this matter. I should prefer that the questions put to the witness be as short as possible without interfering with the complete freedom that all members of the committee have to put questions to the witness. I should like us to revert to the question that we were discussing, that is to say, the question of hours.

Mr. GILLIS: Mr. Chairman, I have not any intention of arguing with you, but I listened here for an hour and a half very patiently to members pulling out of Mr. Millard his opinions as to whether industry should be subsidized or whether it should not, and so forth.

The CHAIRMAN: I admit that you can put questions to the witness in order to get personal opinions from him.

Mr. GILLIS: I was not making a speech. What I asked Mr. Millard was this—

Hon. Mr. MITCHELL: If I may—

Mr. GILLIS: I asked him a fair question. For the last six years he has been dealing with the War Labour Board, the Wartime Prices and Trade Board and every other board necessary to the functioning of his organization. I asked

him a straight question if he did not think that one of the major factors in the present dispute was the fixing of prices and the maintenance of wages in order not to disturb that ceiling.

Mr. SINCLAIR: I want to rise to a point of order on this. The present order of business is hours. We have discussed wages. We will come to prices later. I have a question on hours which I should like to ask. If we are going to fight the Wartime Prices and Trade Board here to-night we cannot get along with the question of hours. I understand that counsel had asked Mr. Millard to revert to the question of hours and had asked him to answer as far as a 40, 44 or 48 hour week. I think we should get that before we get on to the price of steel.

Mr. GILLIS: There is not any intention of getting on to the Wartime Prices and Trade Board at all. I am merely asking for information.

Mr. SINCLAIR: Is it on hours?

Mr. GILLIS: No, it is not.

Mr. SINCLAIR: That is why we have counsel.

Mr. GILLIS: There wasn't anybody fixed the agenda for the committee. Mr. Robinette was questioning Mr. Millard in accordance with his ideas. He set out a line of procedure but no one is bound to follow it. My job on the committee is to try to find out what are the disturbing elements within the dispute and see if we cannot settle them.

Mr. SINCLAIR: First of all we discussed wages. Then Mr. Robinette said, "Are you through with that? Then let us turn to the next point which is hours of work." Let us get through with that and then let us get in to the very subject you are on, one which is closest to all of us, that of wage and price control. Let us quickly finish hours of work and get on to your subject.

Mr. GILLIS: That is what I was trying to find out. I was asking Mr. Millard to express an opinion. If he doesn't want to express it that is o.k. with me.

The CHAIRMAN: Would you answer that question, Mr. Millard.

The WITNESS: I would like to say to members of the committee that in my humble judgment Mr. Gillis has put his finger on one of the cardinal factors in the present dispute. There has been an attempt to impose on labour a ten cent maximum wage increase in this country.

Mr. HOMUTH: By whom?

The WITNESS: It has been attempted by the government through the War Labour Board and through the commissioner in the steel case; the commissioner in the steel case is attempting to impose a ten cent limit. It was attempted by the government in the appointment of the controller who had the authority to make an application to the War Labour Board for a ten cent wage increase. And as I read the order which established the controllership it is my opinion that the only thing that the commissioner could deal with regarding wages was the question of retroactivity. He did not have the power so far as I can see to make an application for any further wage increase. In other words, the government through the controllership, through the order in council, drove collective bargaining out of the window in regard to the question of going to your employer and asking him to grant you a ten, twelve, fifteen, sixteen, seventeen cent an hour increase. It was a question that there was a fixation of ten cents an hour. Now, that apparently is what Mr. Gillis has tried to point out to you here, that that was government policy. And I say to the members of this committee—

Mr. HOMUTH: Is the ten cents an hour in the order in council? Is that right?

The WITNESS: I do not think it is provided in the order in council, but I have a telegram here which indicated to me that the application would be for

ten cents an hour. That was the understanding. And I say to the members of this committee, that I agree with Mr. Gillis, that is one of the cardinal factors in the present dispute, in the present unrest; and until it is removed, until this arbitrary imposition of ten cents maximum is removed, then it seems to me that we are not going to be able to solve the current labour dispute in this country. I would like to say this, and I agree with Mr. Gillis to this extent; that the prices board did not consult labour when they fixed the price. We do not know how much wage increase there was in the price, but we know there was a similar price increase to that granted in the United States where the wage increase was 18½ cents an hour. We do not know what the price is, what we are left of it. We do not know what provision is made in that price increase to meet the standard of living required in this country if we are going to be fair to labour. I say so far as the steel workers, we are not going to be able to resolve this dispute on a ten cent pattern in this country.

Mr. SMITH: Mr. Chairman, I gather from the point of order—and I am trying to help Mr. Gillis make his point—that he asked a rather long question to which certain members objected. I tried to make a note of what he was saying, and it appeared to me that he covered about forty different subjects—the Wartime Prices and Trade Board, the National War Labour Board—the price increase of ten cents—the commissioner's authorization of ten cents—I haven't got the exact wording but it was an involved question which was asked by Mr. Gillis. He has an answer to that now. But I want to carry Mr. Millard a little further in labour policy, and my case is hypothetical. He talks about profits. Well, say, we have a plant we will say in Labrador—that would not be a good example, in any event, away up there; but let us take perhaps some place like that from which the member from Comox-Alberni comes, that hinterland away out there in British Columbia.

Mr. GIBSON: Where we should have a steel industry.

Mr. SMITH: Yes. What I want to ask is this; have you a policy—granted that business is uneconomical and cannot carry its weight without being paid a subsidy or a bonus or something of that sort in order to carry on; or do you think in this particular area where you have so many thousands of men, do you say to close down? Now, don't worry about labour and plant management, let us assume the plant is well run; does your policy go so far as to say that that industry should be subsidized where it is thoroughly uneconomical, the men being out of work? Do you go that far? Or do you say that the government should pay a subsidy and carry on these lame ducks? It is a simple question.

The WITNESS: If an industry is essential or desirable to the economic welfare of our country, then it should pay proper wages whether or not it is subsidized.

Mr. SMITH: I am trying to help you and I think you have answered me. I talked to some of your friends today. I have not had an opportunity of seeing you. But what you have given here does not mean very much. What industry do you think is essential to the national economy? Do you want to take the Nova Scotia coal, let's talk about that? Is that one of your ideas, Nova Scotia coal at a ton and a half per man per day? Do you think that is essential?

Mr. GILLIS: Is that relevant to the subject matter under discussion?

Mr. SMITH: I am trying to help you in the point you were making a moment ago.

Mr. GIBSON: That is about an hour's work.

Mr. GILLIS: I was speaking about the Wartime Prices and Trade Board and I was ruled out of order.

The CHAIRMAN: Order, please.

Mr. SMITH: If I am out of order I will not press it. I was trying to get departmental policy.

The CHAIRMAN: If it is the wish of the committee to set aside this question of hours I haven't the slightest objection, but as far as I can see the discussion now going on would come in more appropriately at some later time. I think the committee should proceed in an orderly manner, otherwise we will lose much of our time. For that reason I suggest that all questions now being put to the witness should pertain to the question of hours.

By Mr. Sinclair:

Q. Let me refer to this, start with this, Mr. Chairman and Mr. Millard. While this committee is primarily investigating the steel strike, to an extent we are investigating all industrial disputes. I am thinking of my own riding, Vancouver North, where so many operations are continuous and where the British Columbia government has recently brought in a forty-four hour week. We had the same predicament you mentioned, that you could not work a forty-four hour week in a continuous operation, but we straightened that out by having the men work forty hours in one week and forty-eight hours in the next, and that averages out at forty-four hours a week. At the present time you are working approximately forty-eight hours a week, and it is your hope in your continuous operation of getting it down to forty hours a week. I have a feeling that you will find it will work out very much the same as it did with us, to a forty-four hour week, and if in a continuous industry like yours you were to work forty hours one week and forty-eight hours the next, in the week in which you worked forty-eight hours, would you have four hours overtime over the forty-four? That is what I want to ask you?—A. Yes.

Q. You would?—A. Yes.

Q. So in other words you would be working a forty-four hour week plus? —A. Yes.

Mr. ARCHIBALD: I just want to ask the chairman, now there is an agenda—I don't know what it is—I want to know when there is one. There is a strike on. People's lives are in danger. It is apt to go off any time over the week-end while we are in recess. I would like to have an answer to our question of how we can maintain peace. I hoped to have had it brought up on this agenda.

The CHAIRMAN: Well, if it is the wish of the committee to revert to that question I have no objection at all. Now, if the question of hours is exhausted we may, if you wish, revert to Mr. McCulloch's question.

Mr. ARCHIBALD: I want to know if that is being brought up on this agenda? I do not know what the agenda is, but I want to know whether my question is on that agenda. I want to know about it.

The CHAIRMAN: There is no agenda, as far as questioning the witness is concerned. There is just one thing that I have in mind, that is, to suggest to the committee to proceed orderly. We have discussed the question and we have exhausted it. This committee has agreed to go on with the question of hours of work. If this question is exhausted, then maybe we could take up another one.

Mr. ARCHIBALD: Could I consider my question as coming up under the next order of business, after the hours of work is finished?

Right Hon. Mr. HOWE: Could I answer a question of some urgency. As you know, I am responsible for furnishing raw materials for Canadian industry. I am having great difficulties in that respect, for some reason or other. We all know that coal, particularly coking coal, is hard to get. The season for moving it in is a short one. Also, with respect to iron ore. Iron ore is hard to get under present conditions. I am dealing with the raw materials of the industry which

will be needed in due course. We are in the middle of the season, the most favourable time to move those materials, because we are not moving much wheat. I would like to know why the men, in their own interests, won't unload coal and iron ore which they will need next spring. We got down so low that we had to curtail operations at the Soo, as my friend well knows.

I got a boat at the Soo yesterday and the men refused to unload it, so I had it sent on to Fort William; but it was loaded with coking coal and that is the kind of coal they do not need at Fort William.

The WITNESS: I would like to answer the minister very frankly because he has asked a frank question of me. Our people are convinced that as long as they keep on unloading coal and going on with normal operations, the very pressing question of wages is not likely to be settled. Our people are not impressed with the speed we are making towards the settlement of these disputes, even through such a committee as we are conducting here. I would like to point out also that it is our experience that the same thing happened in 1939, when there was very little coal brought in in the early part of the transportation season. Then, when the war broke out, there was a great deal of coal brought in, after September, in the months of September, October, and in early November, in the shipping season. I feel satisfied, Mr. Howe, that if we can come to grips with this thing and get it settled satisfactorily, we will be able to overtake the delay that is now taking place. I think that could be done. I think we could overtake the delay at present and meet the situation.

I am advised by people who know the situation better than I do at Sault Ste. Marie that the best way to get on with the job is to get this thing settled. Then we will do our best in cooperation with management to meet the situation.

Mr. ARCHIBALD: Now that we are off hours of work—

Mr. CROLL: No.

Mr. ARCHIBALD: Oh, yes, we are. No more of this business. We are off hours of work just as much as the minister was allowed his question.

Mr. CROLL: All right then, we are off hours of work. Mr. Millard referred to the hypothetical question that was put before by Mr. Gillis. We have a strike on at the present time in the country; a part of the cotton industry, a part of the rubber industry, a part of the electrical workers, and a part of the automobile workers are out on strike. Do you know, of those industries, which have been offered more than 10 cents an hour, or do you know how much they have been offered, generally?—A. I cannot answer that question outside of our own industry; but so far as I am aware they have not been offered more than 10 cents.

By Mr. Archibald:

Q. According to press reports, there is the danger of even loss of life, a case of danger to life and limb in the city of Hamilton, which has all the appearance of 1919 in Winnipeg. Have you any suggestion how we can guarantee to maintain the peace over the week-end while this committee is in recess?—A. All I can suggest in the matter is this: that if the Stelco management could be persuaded to adopt the same attitude as did the management or the deputy controller at Sydney, and as did the management at Sault Ste. Marie, I think the same result would prevail. I regret very much that Mr. Hilton did not see his way clear to accept the invitation of this committee and come here. It is my personal opinion, and I believe it has some basis in fact, that Mr. Hilton has been taking a personal and provocative attitude towards the unions and the strike situation.

By Mr. Homuth:

Q. Now, now, Mr. Chairman?

The CHAIRMAN: Order!

The WITNESS: The management of this corporation started some weeks ago to prepare strike breaking facilities and activities in its plant, if there happened to be a strike. They secured the pledge of certain individuals. They notified their supervisory personnel that they would be living in the plant and that they would receive 24 hour pay and adequate protection, sleeping accommodation and board in the plant during any interval of strike. They refused our offer of cooperation to maintain the plant in good order, an offer which was accepted at Sault Ste. Marie and at Sydney. So, in reply to your question, I believe that the provocative disorder is coming from inside the plant, on the part of the management. At the present time I am supported in that idea, according to to-day's press, by the Mayor of the City of Hamilton who makes a statement that he would not be surprised to find that agencies of management are responsible for writing the words "scab" on people's verandahs and doorsteps and what not; and that a great deal of provocation is taking place from inside the plant. So I believe the committee, if they can find some means of having Mr. Hilton—

Mr. SMITH: I rise to a point of order. I read the same article in the press that Mr. Millard read, and I think, up to this moment, he will quite agree that I have not been unfriendly in my questioning of him. All this article said was this: that the Mayor of the city said: "I am first a labour man before I am mayor of Hamilton." Then he began his statement, and coming down to this very last question, he said he thought that it might be the management who were placing the words "scab" on these houses. It seems to me, with great respect to you, sir, and to Mr. Millard, that there is some limit that we have got to fix, some limit on how far we can go in taking statements under oath from Mr. Millard or anyone else and permitting a witness to quote a newspaper story of what the mayor of Hamilton gave as information. Surely that is not evidence before this committee.

The WITNESS: I would like to say to the honourable members of the committee that I was only expressing, in reply to the question, my own opinion on what might help the situation, and I said I thought I was supported in that opinion by the press and the statement of the mayor of Hamilton. I do not know whether it is true or not.

By Mr. Smith:

Q. No, you do not.—A. I do not know whether it is true or not, but I do know that two or three nights ago, from this very plant, came a number of men.

The CHAIRMAN: Are you speaking from personal knowledge?

Mr. SMITH: These are facts that he is coming to now. I merely said that I did not want you, under oath, to bring before this committee the opinion of men whom you may or may not know and which you got from the press. What you are coming to now, I think, is quite admissible, because you think it to be true.

The CHAIRMAN: I must interrupt Mr. Millard. I repeat for the third time that I cannot let pass hearsay evidence under oath. I am sorry, but this ruling would apply also to every witness that will come before this committee.

Mr. ARCHIBALD: Have we a witness present to-night who was down there when the pick handles were being used?

Mr. SMITH: Do not let us be annoying. You are not helping a bit.

Mr. ARCHIBALD: On this conference floor you have allowed pipe dreams to be discussed. I want to know if anybody is here who was down there and saw the battle going on.

Hon. Mr. MITCHELL: Let the counsel get on with the job. All these ex parte statements don't help any.

By Mr. Robinette:

Q. Just to clean up the hours of work question, Mr. Millard, in one short question, you indicated a certain proposition made to the companies with respect to hours of work. What reaction did the companies give to you for that suggestion?—A. The companies, none of them as far as I know are agreeable to any reduction in the hours of work in the present schedules.

Q. During the course of the negotiations you stated they were adamant on the question of hours of work—48 hours?—A. Present hours.

Q. Now there is a third issue apparently that is the subject-matter of negotiations: union security. Would you indicate for the committee what your position is as to union security? I want to find out how far apart you are because that is one of the jobs of this committee—to bring you together. How far are you prepared to go on the question of union security?—A. Union security is not an issue in the present dispute as far as Dosco is concerned and as far as Algoma is concerned, but it is a very definite issue so far as Stelco is concerned. At the present time we have had conciliation boards that have recommended in a small measure union security and the company has refused to accept the recommendations of the conciliation board. The conciliation board recommended the revokable check-off.

Q. Where? At Hamilton?—A. The revokable check-off at Hamilton.

By Mr. Sinclair:

Q. Why not at Algoma and Sydney?—A. Because we enjoy the privilege of the check-off, and the companies in those cases have shown no desire or intention of trying to destroy the union. They have worked with the union and the union has worked with them.

By Mr. Robinette:

Q. At Algoma you have the check-off?—A. Yes.

Q. And at Dosco you have— —A. The check-off.

Q. What about the maintenance of membership at either Algoma or Dosco?—A. It is almost an unwritten law, and there is a working arrangement on these things, that the employees are advised to become members of the bargaining union. There is no provision in the agreement for maintenance of membership.

Q. But as far as Stelco is concerned at present there is no form of union security at all?—A. None whatsoever.

Q. In the course of negotiations how far did you go in tempering your demands as far as union security was concerned; what is the best you indicated you would be prepared to accept?—A. In the case of Stelco they had been insisting, they want a no strike clause. We said we were prepared to give a no strike clause guarantee under the Rand formula.

Q. As far as Algoma and Dosco are concerned you are satisfied with the present set-up?—A. No, we would like it to be uniform throughout the industry, and we do not believe that these industries would have any great objection to adopting the same thing we are asking Stelco to adopt.

Q. That is the Rand formula. Have the companies held out any encouragement to you as to union security? How far have they gone?—A. Only if the commissioner was speaking for the companies, he indicated at the last hearing in Montreal to members of our National Negotiating Committee that if we were prepared to accept the 10-cent item that he felt that the companies would agree across the board to the Rand formula.

Q. So you are not very far apart on that.

Mr. CROLL: Did I understand Mr. Millard to say he had 75 per cent of the Stelco plant? Is that correct?

The WITNESS: I am under oath. I would not want to say accurately; I would say approximately.

Mr. CROLL: I wanted that cleared up.

Mr. MAYBANK: Will you permit me this interjection? I regret that the witness had been put under oath. I believe we would do well to retrace our steps in that respect and have it understood that this is not evidence under oath, and discard that procedure. The reason is that I think all this sort of thing tends to put people more at arm's length, and I would like to have it declared now that the oath is taken out and the witness is not under oath, that no witness need to be under oath. I am content to rely on the truthfulness not only of this witness but any other witness.

Mr. SMITH: I disagree entirely. In doing that may I say I am perfectly certain that Mr. Millard has not said one thing that can be criticized. We do not want to curb opinions, but when they are opinions we want to know they are opinions and not statements of fact. I can see no reason for changing from what we have started.

By Mr. Beaudoin:

Q. I think it would be helpful to the committee, if it has not been done before, if the witness would put into the record the date at which the union certified in every plant, the date at which collective labour agreements were signed ever since the union has held bargaining rights in every plant, and I suppose you would have copies of bargaining agreements you have agreed upon that you could file with the committee?—A. With agreements that have existed?

Q. Yes.—A. We can get copies.

Q. Now, could you also place on the record whether in some cases you have had to go to arbitration before you concluded collective agreements, and also the date at which you applied to the Regional War Labour Board for wage increases, or appealed to the National War Labour Board ever since you held the bargaining rights in every plant? Also could you tell the committee whether in certain places settlements have been reached before decision has been rendered by the Regional War Labour or the National War Labour Board, and also, if you do not mind, filing with the committee the name of your organizers—a complete list ever since the union has held bargaining rights? From the statement you made yesterday I understood your books were audited. I understood you to say that the union keeps books, and that is a very commendable thing. Do you keep minutes of your decisions?—A. I will be glad to supply the member with a copy or full data as far as we can to meet the questions asked. I might say it is going to be a considerable job to dig up that information, but we will be glad to give you as full information as possible.

By Mr. Robinette:

Q. I suppose it would be in the form of a written memorandum?

Mr. ADAMSON: Mr. Robinette has brought up the question of union security, and from the reply I gather from Mr. Millard that the companies and the union were very nearly at an agreement and they were held up because that agreement was made responsible to the War Labour Board and their ruling of the 10-cent an hour increase which is, according to the witness, the crux of the whole question. At that time my friend Mr. Gillis raised this question, and I think it is very important, and here, apparently, is the nub of the whole

strike situation at Hamilton—the decision of the War Labour Board holding out adamantly for no increase over 10 cents. I believe that is the most important thing we have to do—to find out what their reasons are and to get them before the committee as soon as we can. I think Mr. Gillis had a good point, and I would like to go on record as seconding his suggestion.

By Mr. Robinette:

Q. In reference to Mr. Croll's question as to the strike at Stelco. I understand that the conciliation board which sat on the Stelco dispute directed a check of the cards to be made and that was done. Would you have a record of the finding of the conciliation board?—A. There was a record, I believe, in the report to the minister, the interim report to the minister. We disputed the accuracy of that check that was made in as far as there were a number of cards that they would not allow as being in good standing which we considered as being in good standing as members of our union.

Q. As I understand it—correct me if I am wrong—the delay you mentioned in the conciliation board matter was caused by the fact that the board adjourned for the purpose of enabling this check of the cards to be taken?—A. That is right.

Q. And that was with the consent of the union and the company?—A. That is with the direction of the conciliation chairman.

Q. The conciliation chairman. And the check was taken and those records are available?—A. That is right.

Q. You have asked me to draw to the committee's attention something you referred to yesterday. You are producing an audit report of the United Steel Workers of America international union for the period January 1 to June 30, 1945?—A. Yes. I might say that I have here a copy of the audit report of our union for the first six months of 1945. I secured this copy since I came to Ottawa from one of the members of the committee, Mr. Skey, who wrote in and requested a copy. I want to say to members that I have not sufficient copies with me but if you want sufficient copies filed with the committee, we will secure them and have them filed.

Mr. GIBSON: That is a good idea.

The CHAIRMAN: Is that carried?

Carried.

The WITNESS: This report is issued every six months by Main and Company in the United States; they are a well known firm of accountants in the United States, having offices in a number of the principal cities. It shows here every dollar received by our unions in the period. It shows every dollar expended and for what it is expended, for every union of our organization in the United States and Canada. There is a consolidated balance sheet showing the amount of money that we have collected, that we have expended, that we have on hand in our treasury. I only wish that corporations would be as candid with their shareholders and the public as the union is in this particular case.

By Mr. Croll:

Q. While you are there, and just to get it clear, do I understand, from what you are saying or attempting to say, that you are prepared to throw open to this committee all books or records that you have in your union for their view and observation?—A. As listed in this accountant's report.

Q. Yes?—A. Yes.

Q. That is everything?—A. Yes, that is everything. I should like to say too,—because it is in connection with a question that was asked yesterday by a member of the committee—that the division of dues is an important thing, and now we are charging by convention decision made in May, \$1.50 dues to each member each month.

By Mr. Case:

Q. May of this year?—A. May of this year, in Atlantic City; and 75 cents, or 50 per cent of the dues collected, is retained by the local unions. The other 50 per cent is sent to the international. Not one dollar of dues collected in Canada goes to the United States. I think it is important that you should know that. Every dollar collected is put in the international account in the Bank of Commerce in Toronto and is used for necessary expenses, such as expenses of bringing our deputation down here to this committee, all our board hearings, all our organizational expenses, maintaining our offices and our staff, our research department, our educational and literature production department and so on; that is all paid out of the 75 cents. The local union have 75 cents on which to operate their affairs. I should like to say this, that we do not collect enough dues in Canada to support or to extend and expand our organization. I mean, every three months we have to import from the United States the amount of \$10,000 or more to carry on our work in Canada. In addition to that, from the international treasury we have purchased in Canada more than a quarter of a million dollars worth of victory bonds in the last three or four issues of bonds. That is the standing, and you will find all the accounts of it there in the audit report. This is for the first six months period of 1945; and I will be quite prepared to get the latest audit reports for the members of the committee if they desire them.

Mr. ROBINETTE: Could we file that?

The WITNESS: Yes. I will send Mr. Skey another copy of this.

By Mr. Case:

Q. When you referred to the international union, that is a union that is affiliated with the union in the United States; that is, it is not beyond the United States and Canada?—A. It now operates within the United States and Canada. It may be extended beyond that.

Q. One more question. You have referred to how you disburse your funds. Do you make any contributions to political parties as such? For instance, in my home town there was 2 cents deducted from the dues each month for a certain political party, and some of the members objected to that. Has your union anything to do with that?—A. The union, sometimes through their local unions, decide that they want to affiliate on a certain basis with a political party. They have the right to do that.

Q. That is up to the local union?—A. That is entirely voluntary.

Q. Not through the central organization?—A. No; that is a voluntary proposition on a local basis.

By Mr. MacInnis:

Q. I was going to ask a question in connection with your dues. Have you any knowledge of the dues paid in other unions in comparison with those paid in yours?—A. The matter of dues payment is a matter of policy for the various unions. I believe in the older unions, where they have benevolent funds and insurance schemes, the dues are considerably higher. I would say that \$1.50 dues to-day is the average of most unions. Most unions do not go below \$1.50. Some of them are still operating on \$1, but very few. The usual run of industrial union charges \$1.50 dues. It is usually divided on some such proportion as fifty-fifty or sixty-forty between the local union and the parent body. The dues do run up in other organizations to much higher than that. I believe in some craft organizations they run up as high as \$5 a month and the initiation fees in some cases are very much higher than that in the case of our own, which is \$3 initiation fee.

The CHAIRMAN: I would draw to the attention of the committee that it is now 10 o'clock.

Mr. JOHNSTON: Just before you stop, Mr. Chairman, there is a question I should like to ask.

The CHAIRMAN: Mr. Merritt has the floor.

By Mr. Merritt:

Q. There is a question I should like to ask Mr. Millard arising from Mr. Case's question. I understand that the local union may pay a certain amount into a political fund. Does that amount come out of the \$1.50 a month dues, that 2 cents or whatever it may be, according to what the local union decides?—A. If it decided to affiliate, affiliation is paid out of the funds collected.

Q. Yes. You are probably aware that in England the practice is that the political fund is collected in addition to the ordinary dues for union purposes, and that any member of the union may contract out of payment of those dues by signing a statement that he does not wish to pay them; and in that case he pays his \$1.50 and remains a perfectly bona fide member of the union, but he does not pay the extra political fund assessment. That is not the case in your union. Is that so?—A. I believe that the practice in Great Britain was—there was a change, I think comparatively recently—that the person paid from the dues a dollar or the amount of dues paid. They paid the affiliation fee provided the employee or the member did not check out; in other words, did not say that he did not want anything deducted from the money.

Q. The practice was, before the recent amendment to the Trades Dispute Act, that a person who was a member of a union must elect to pay the extra assessment for political funds by a statement that he wished to pay it. The practice now, since the very recent amendment to the Act, is that all dues are paid unless the individual member wishes to contract out and makes a statement to that effect.—A. That is what I meant.

Q. Your practice now gives no power to contract out of payment of political party contributions? Am I correct?—A. Well, the usual practice is in Canada, where affiliation is effected, that they do not need to affiliate for that particular purpose; in other words, there may be members who are not affiliated within the local body. In other words, if there are 200 members, they might decide there are a number who did not want to affiliate and might decide to only affiliate 150. They do not need to affiliate all the members.

Q. So the power of the individual to contract out is preserved in your Union?—A. It is actually preserved.

The CHAIRMAN: It is 10 o'clock.

Mr. GILLIS: Before we adjourn—

The CHAIRMAN: When will we meet again?

Mr. GILLIS: With regard to our next order of business I understand that on Monday representatives from the Labour Department are coming in for the purpose of giving evidence. Is that correct?

The CHAIRMAN: That is the agenda, provided we are finished with Mr. Millard.

Mr. GILLIS: That is all right, but I am going to move that when the Department of Labour officials are before this committee to give evidence that we also invite Mr. Donald Gordon and any officials of his board that he wants to bring with him to give evidence in conjunction with the Department of Labour, because I think they are both linked.

Right Hon. Mr. HOWE: If I understood correctly we invited the heads of the three steel companies for Monday so that we could hear them in order that they could meet with the steel men on Tuesday. Do I understand that that is to be set back until later?

The CHAIRMAN: It is up to the committee to decide. Telegrams have been sent to the three steel companies inviting their representatives to be here in Ottawa for Monday.

Mr. BELZILE: What time?

The CHAIRMAN: Four o'clock in the afternoon if we are through with Mr. Millard and if the committee desires to go on with the representatives of the companies. It is up to the committee to decide but the agenda, as prepared by the steering committee, is to invite the officials of the Labour Department and Mr. Donald Gordon, if it is the wish of the committee. Mr. Gordon has not been invited yet, but if you instruct me to do so I will invite Mr. Gordon to be here at our next meeting. I understand that we will adjourn to Monday, at what time?

Mr. MACINNIS: Before you come to that, at our first or second meeting you appointed an agenda committee. I happen to be a member of that agenda committee. I am not going to be on an agenda committee which prepares an agenda and then have it all set aside for some other agenda. If the agenda committee is going to prepare the agenda for this committee it should have a certain amount of latitude so that it will not have to counteract the notices to-morrow that were sent out to-day. We can take this motion under consideration so as to fit it in with the decisions we have already taken.

The CHAIRMAN: That is right.

Mr. MACINNIS: I will act on that steering committee provided there is some attention paid to the work of the committee. Otherwise I will not.

The CHAIRMAN: Will we meet Monday afternoon or Monday morning?

Mr. GILLIS: Would the steering committee take under consideration the fixing of a time when the coordinating committee of the Canadian Congress of Labour might be heard by this committee?

Mr. SINCLAIR: And the Trades and Labour Congress of Canada, too.

Mr. ADAMSON: I was a member of the steering committee. I gather that it is carried that you will call Mr. Donald Gordon.

Mr. CROLL: No, no. It is a matter that will come before the steering committee.

Mr. ADAMSON: I think we are getting this thing too rigid. The evidence that has been heard to-night was to the effect that the Wartime Prices and Trade Board was the crux of this dispute. I think if we are going to do anything we have got to have real flexibility in the committee and in its meetings. I believe Mr. Gillis' motion is one which would help us considerably, calling the Wartime Prices and Trade Board which apparently has regulated the ten cent limit which is not acceptable to the Union.

Mr. MACINNIS: May I put the case as it is? To-day the agenda committee brought a motion before this committee and you approved of it. The motion was made after we came in here that we ask the representatives of the three companies to appear here on Monday.

The CHAIRMAN: That is done.

Mr. MACINNIS: That was a part of the steering committee's work. I know there was an understanding given to Mr. Justice Roach, the Commissioner, that he would be heard on Tuesday, but if we are going to bring in somebody else you will have a half a dozen witnesses waiting here while you are dealing with a witness you have decided to bring in later. We have got to have some order. Otherwise we will never get anywhere.

Mr. ADAMSON: There is no guarantee that the steel companies could be here on Monday.

The CHAIRMAN: I did not receive any reply. We have tried to manage in such a way in the steering committee so as to provide the committee here

with witnesses but the agenda committee cannot foresee how long a witness will be on the stand. For instance, we thought we would be finished with Mr. Millard to-night and it appears that we are not. Therefore, if my proposition is accepted I think we should adjourn to Monday at 11 o'clock in the forenoon.

Hon. Mr. MITCHELL: Before you adjourn I should like to say a few words for the benefit of the steering committee. As far as the officials of the Department of Labour, the War Labour Board and the Labour Relations Board are concerned any time the committee wants them they are at your convenience.

Mr. SINCLAIR: If the steel companies do not come on the Monday we can subpoena them and at the same time hear our own Department of Labour officials.

The CHAIRMAN: That is the idea of the agenda committee. We will adjourn to Monday morning at 11 o'clock.

The committee adjourned at 10.10 p.m. to meet on Monday, July 22, at 11 a.m.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

MONDAY, JULY 22, 1946

WITNESSES:

Mr. C. H. Millard, Canadian National Director, United Steel Workers of America;

Mr. H. G. Hilton, President, The Steel Company of Canada, Limited, Hamilton, Ont.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
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CONTROLLER OF STATIONERY
1946





MINUTES OF PROCEEDINGS

MONDAY, 22nd July, 1946.

The Standing Committee on Industrial Relations met at 11.00 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Blackmore, Case, Charlton, Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Leiff, Committee Counsel.

Mr. Millard was recalled and further examined. He filed:—

Exhibit No. 2—Agreement made on 24th February, 1945, between The Steel Company of Canada, Limited, and Local Union No. 1005, United Steelworkers of America.

Exhibit No. 3—Agreement made on 23rd April, 1946, between Algoma Steel Corporation, Limited, and Local Union No. 2251, United Steelworkers of America.

Exhibit No. 4—Agreement, 1940, between Sydney Steel Plant Division of The Dominion Steel and Coal Corporation, Limited, and Local Union No. 1064, Steel Workers Organizing Committee, respecting hours of labour, wage rates and working conditions.

Exhibit No. 5—Audit Report of the United Steel Workers of America International Union for the period July 1 to December 31, 1945.

Mr. Millard stood aside.

The Committee adjourned at 1.00 o'clock p.m., until 4.00 o'clock p.m., this day.

The Committee resumed at 4.00 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Leiff, Committee Counsel.

The Chairman read the third report from the Agenda Committee recommending again that priority be given to the printing of the proceedings and evidence of the Industrial Relations Committee, and that the said committee sit twice daily.

On motion of Mr. Croll:—

Resolved,—That the third report of the Agenda Committee be concurred in.

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A telegram received from Mr. George Bennett of Local 199 UAW-CIO, St. Catharines, Ont., was read to the Committee.

On motion of Mr. Croll:—

Resolved, That the telegram received from Mr. George Bennett be referred to the Agenda Committee.

Mr. H. G. Hilton, President, The Steel Company of Canada, Limited, Hamilton, Ont., was called and sworn.

Mr. Hilton read a prepared statement and was questioned thereon.

The Committee adjourned at 6.00 o'clock p.m., until Tuesday, July 22, at 11.00 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

July 22, 1946.

The Standing Committee on Industrial Relations met this day at 11.00 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order, gentlemen.

Mr. C. H. Millard, National Director, United Steelworkers of America, recalled :

By Mr. Robinette:

Q. Mr. Millard, would you just look for a moment, please, at page 4 of your preliminary statement in which you outline the original policy of the Union. The first one is, national recognition of national labour standards for the industry which already enjoys national price standards. Now, I think you told us last week that what you meant by that was that you wanted wage issues to be determined by a federal authority so that they would be on a uniform basis throughout Canada. Is that correct?—A. Yes.

Q. Can you tell us what industries at the present time enjoy what you term national recognition of national labour standards?—A. I can't say that I can name them all, but I know that mining, transportation, public utilities and ship-building do enjoy national status; and their questions of wages, agreements and so on are handled on a national basis.

Mr. Chairman, before going on this morning I want to make a correction. I noticed in the press that I inadvertently said the other day in regard to the net profits of the Steelco last year that they were \$1,100,000, it should have been \$4,159,000 net profit last year.

Then some member of the committee wanted me to file with the committee the last agreement we had with the Steel Company of Canada, a printed copy of that; the last and present working agreement with the Algoma Steel Corporation, which I have here; and the last agreement dated 1940, with the Dominion Steel and Coal Corporation, Sydney, Nova Scotia. I should also like to file with this committee, and I am sorry that I did not have a sufficient number of copies in our national office, but I have four copies here of the latest audited report of the Union for the period July 1 to December 31, 1945, which follows on after the ones which I filed the other day.

Q. Mr. Millard, just to identify these for the record: exhibit 2 is the agreement between the Steel Company of Canada and your Union, dated the 25th of February, 1945?—A. Yes.

Exhibit 2: Agreement with Steel Company of Canada dated February 25, 1945.

Q. And Exhibit 3, is the working agreement between the Algoma Steel Corporation and your Union, dated April 23, 1946?—A. Yes.

Exhibit 3: Working agreement with Algoma Steel Corporation, dated April 23, 1946.

Q. And this next one, exhibit 4, is an agreement between the Sydney Steel Plant Division, of the Dominion Steel and Coal Corporation Limited and your Union dated May, 1940? Is that correct?—A. Yes.

Exhibit 4: Agreement between Sydney Steel Plant Division of the Dominion Steel and Coal Corporation and the Union, dated May, 1940.

Q. Then you are filing copies of the audited report of the United Steel Workers of America covering the period of July 1, to December 31, 1945?—A. Correct.

Exhibit 5: Audited financial statement—Union.

Q. Mr. Millard, when referring to national recognition of the steel industry is there any reason why the steel industry should be nationally recognized when say the automobile industry or mining workers are not nationally recognized? Do you make any distinction between the steel industry and other industries which presently are not on a national basis?—A. Yes, to some extent. The auto industry is more or less confined to one province, while the steel industry spreads over several provinces, and the steel industry undoubtedly is a more basic industry than the automobile industry in that its products go into all other industries, are required by all other industries, and also stems from primary industries such as iron ore mining and the natural processing of iron ore and utilizing natural resources such as coal; all of which are indicative of the fact that steel is a basic industry of national importance.

Q. To return then to number 2 on the list in which you propose the establishment of a three party national council for the industry, representing labour, management and the public. What do you mean by that; and what would the powers and duties of such a national council be, in your submission?—A. We have in mind by way of a national council one that would be representative of the employees in industry, of the employers in industry and representatives of the public or government so that the public interest can be ascertained and safeguarded, and also so that the industry can develop on some kind of a planned basis having regard of what our domestic requirements are as well as for our export trade. As to what the exact power or authority of the council would be I think, as I said before, should be determined after the council was established, and the production and importance of the industry would be considered. They would have to do a certain amount of planning and regulation of the industry such as was done during the war to meet the national emergency; in other words, they should have some control over the placement of orders and in the development of the industry generally. I would say here that I regard with some misgiving that we are developing reserves of iron ore in this country and shipping it abroad when it seems to me it might be processed at least to some extent in this country and provide a much better industry than we now have. This country now purchases from 20 to 25 per cent of steel from the United States and other places, and while there may be special types of steel, and special shapes and sizes and so on, nevertheless it seems to me more could be done in Canada by way of the development of the steel industry; and I think that should be undertaken under the auspices or control of some kind of an industrial council such as I have indicated.

By Mr. Gillis:

Q. Mr. Chairman, I would like to ask Mr. Millard one question there. The proposal number 2, a national council, would that be similar to the working parties that have been set up in their industries in Great Britain in the last six months or so?—A. Very similar, because it would have to do with production problems on a national basis; that is, in the production of these commodities.

Working parties in Great Britain are there to help improve the efficiency of their industry and make it possible for them to meet export production, and it seems a council in Canada ought to serve a similar purpose.

By Mr. Johnston:

Q. Would they have any power in setting a price to ensure that there would be sufficient profit in the price set to ensure a standard wage?—A. It seems to me that wages would be national and that we could have machinery established for the purpose of dealing with that.

By Hon. Mr. Mitchell:

Q. It all comes down to this, arising out of what you have just said—
Some Hon. MEMBERS: Louder, please.

By Hon. Mr. Mitchell:

Q. I want to ask a very simple question on what Mr. Millard just said. Do you believe in regulation of wages by the state? I don't think you meant that.—A. No, I don't believe that the final authority might be received from the state by way of review, but I think wages should be arrived at through the process of collective bargaining.

Q. Let's take it a step further, then; isn't that the machinery we have now, that wages are reviewed after you have been through the process of collective bargaining by the various regional war labour boards?—A. No, I can't agree with that idea, that wages are simply reviewed today; particularly in view of the latest imposition of the ten cent limit, because that takes out the question of collective bargaining entirely and makes it a matter of imposition by some kind of a board that is not concerned directly with the process of collective bargaining.

Q. What do you mean then? Give us your interpretation of review?—A. Well, it seems to me that what we ought to arrive at is a process by which labour and industry through the process of collective bargaining could arrive at equitable wage rates consistent with proper return on invested capital and in line with the cost of living and a standard of living for Canadian people at least on a health and decency standard; and that if there are bulges in the wage system which threaten the economy of the country, then those questions might be a matter of review, and they should be referred back if it were found there are cases taking place.

Hon. Mr. MITCHELL. Isn't that this machinery?

Mr. MACINNIS: Mr. Chairman, on a point of order: if a member addressing a committee does not stand we have no way of knowing who is addressing the committee. We cannot tell from here who is speaking at the other end of the table if they ask the questions while still seated. If they were to rise we would know who had the floor.

Hon. Mr. MITCHELL: I will rise then. I do not think it is very important, but I will do it. Mr. Chairman, what I wanted to get clear in my mind is this—and I ask it for my own information, and for the information of members of the committee as well, of course. Mr. Millard spoke of reviews, and he spoke of bulges in the wage structure that might harm the trade. Don't you get back to the machinery that we have now? It may not be all that is desired, but I think that if 80 or 90 per cent of the people of the country have got along with that machinery—but I cannot get clear in my mind—I know the basic philosophy of the trade union movement. A review board, he said. Well, is not that normal procedure? What you are suggesting I take it is that the machinery we have in existence at the present time based on representation of both employers and employees with an impartial chairman should be continued, to review after the process of collective bargaining has been gone through between the Unions and the representatives of industry.

Mr. CROLL: It goes further than that; without the red light being turned on beyond 10 cents. That is what he says.

Hon. Mr. MITCHELL: In answer to that let me say this—

The WITNESS: I would like to explain again to members of the committee in case I haven't made it clear; we feel that the process of collective bargaining should take place; whatever figures are arrived at, then that can be put in line between employer and employee, between the union and the management; then the question might be referred to a board for review to find out whether or not that is going to interfere and require price adjustment to make up for those wages, in which case I imagine the employer would have to prove that he requires additional price relief or assistance in order to pay the wages that have been mutually agreed upon between employer and employee. Now, that is what I mean by review. There should be no interference by the wage board until the matter has been arrived at between the employer and the employee and the employer states that he cannot pay the increased wage without price relief. Then the matter could be taken under review, to determine whether or not such a wage increase is justified in view of the fact that the employer says he requires a higher price to meet this particular wage increase.

By Hon. Mr. Mitchell:

Q. If I may take it a step further then, and follow up what you have just said. Of course, I have been very close to this policy for a number of years and it may be that we are all wrong and you are all right; that there has to be price control. Do you believe in a policy of price control, Mr. Millard?—A. Yes, I believe in price control.

Q. All right, then, we will go a step further. You believe in price control for farmers as well as industry? If I might give you an example, do you think the farmer should be asked to produce butter for forty-three cents a pound without some appeal; or, do you think the price should be something like it is down in the United States at the present time where it went from eighty cents a pound to \$1.30 a pound? You are back to the fundamental principle that you cannot eat your cake and have it too; either you have price control or you do not. Unless we are all prepared to cooperate one with another and maintain stability of prices—that is the fundamental question.—A. I cannot agree with the minister on the question of price control to the extent that you have price control, an arbitrary figure set as in the case of the steel industry \$5.00 increase in the price of steel without any regard to an increase in wages, or how much increase of wages is contained in that price increase. I should like to say that if the steel industry, as we are able to estimate it, was to pay the entire amount we are asking it would only take approximately 50 per cent of the price increase they have already received; it would take about 10 per cent of the price increase they have already received. Price control that does not take into consideration wages is not actually price control at all.

Mr. JOHNSTON: How do you establish that; that it would take only about 50 per cent of the authorized price increase to pay the increase in wages which you are asking?

The WITNESS: We will submit here to this committee a brief which will establish that fact and show you how we arrive at it, so there is no use in my trying to do it orally at the moment. You will have it in written form in our brief.

Mr. JOHNSTON: That is all I wanted to know.

By Hon. Mr. Mitchell:

Q. What I want to get from yourself, and to get your opinion on, is, as a leader of your organization you have agreed that you believe in price control. As you know, we have two principal branches of activity in this country, agriculture and industry. Do you think that rigid control of prices in the agricultural structure should be in effect and under the same degree of control as the industrial structure—that covers wages, prices and the like right down the line?—A. I cannot differentiate between agriculture and industry when it comes to price control, for everybody—industry, agriculture, labour. When it comes to that question we are all consumers, and if we are going to have price control we have got to have it all along the line. So the price control in the case of industry, we will say, must be based on adequate wages; and, in the case of agriculture, it must be based on adequate returns for products in order for the farmer to have an adequate income and also, what we advocate particularly, a decent standard of living, so that he can purchase the things that are being made in our manufacturing processes and supplied to the domestic market. It seems to me that the farmer, he is one of our best customers—we are not going to be able to build up a manufacturing industry in this country without a farm population—he has been a very poor customer in the past—and farm expansion must be encouraged. he must have a price sufficient to enable him to enjoy a decent standard of living and to buy the things that are being made in the city. So that price control cannot be segregated and applied to one branch only of Canadian industry, we must have price control all across the boards.

Q. All right then, would you suggest—just taking this to its logical conclusion—what is passing in my mind is these inflationary conditions that exist in some of the European countries, in China and South America, and to a degree in the United States; and I notice that the president of your organization has already met President Truman. Would you suggest, Mr. Millard, that the price of butter be raised to the point that it is in the United States? I mean, the thing cuts both ways—we will say sells at 80 cents or \$1.30 a pound, and everything else in proportion—would you suggest that? What I am getting at is this, If I may speak very frankly to you, I do not think the farmer should carry the whole load. I will put this question to you: that you cannot have control on one side of the price structure without having control on the other. Now, if there is any other way of doing it, I would like to know. Supposing I put this to you. That the farmers in this country come under the jurisdiction of the Wartime Prices and Trade Board, that the price is set, that is the price. And now, the regional war labour board and the national war labour board, let us assume that we use them to maintain steady income between the two structures. We have gone this much further on the wages side, that the boards are made up of people representing Canadian organizations, the employers and an impartial chairman. What I would like to know from you is your opinion as whether you can control on one side and not have control on the other.—A. It seems to me that the minister is saying to the committee on this question of inflation that there is a danger of inflation if you do not set a limit, if you do not say a limit of wages has been reached. I cannot subscribe to that theory for this reason, that during the war a great deal of our manufacturing went into war needs, our war effort production, into war goods, and that meant that we had a huge purchasing power for about 50 per cent of our actual output of consumable or civilian goods. Now that entire purchasing power is available 100 per cent for the purchase of civilian goods, and it seems to me that the danger of inflation is not nearly as great as it was during war when a volume of civilian goods manufactured was only about 50 per cent of our total production during the war. And now, we have 100 per cent of that production available and spread over the entire purchasing power of this country. I believe that will enable a consider-

able increase in wage structure without any danger of inflation. I agree with the minister that we cannot have control of prices without having some control by way of review at least so far as wages are concerned. I think labour is ready to accept that, but we are certainly not ready to accept, as I said previously to this committee, a ten cent limit on wage increases. We do not believe that would be justified, and we do not believe this is inflationary.

By Mr. Archibald:

Q. One other question along the lines of controls. Do you know what the farmers' reaction would be, or was, to the 12·5 per cent increase in the price of farm machinery? Do you know whether the farmers considered that equitable? Do you know whether labour, that is wages, were included in that increase? Do you think the National Federation of Agriculture approved of an increase of that kind on farm machinery?—A. All I indicated was that we were not consulted in regard to the increase in the price of steel. I doubt very much if the Federation of Agriculture was either; and I doubt very much if they were consulted with regard to the increase in price of machinery.

By Mr. Smith:

Q. You said a moment ago that you believed in price control. Do you mean you believe in it to be carried on permanently?—A. I would say as long as there is danger of inflation, it seems to me that the policy ought to be pursued, and we might as well face that danger, and therefore, we might continue to require a measure of price control.

Q. You say that we want price control as a permanent economic policy in this country?—A. Yes.

Q. You said if we had a board of review on wages and prices that you think that labour would respect that with regard to wages?—A. Yes, so the whole matter could be considered.

Q. Would you give up your right of striking on that basis?—A. I believe that if the proper machinery is established, that labour would very seriously consider the substituting, in practically every case, of arbitration rather than strike in a question of wage disagreement.

By Hon. Mr. Mitchell:

Q. Arbitration by law?—A. By consent.

By Mr. Smith:

Q. Would you include working conditions in that?—A. It seems to me that in Canada we almost passed the stage of recognition. I hope we are passing the stage of union security that labour has in Great Britain.

Q. The farthest you would go is the voluntary submission to arbitration.—A. At the present time.

Q. What do you mean by that?—A. I thought I made it clear that when I said when we have passed this contentious question of union security and the unions are accepted in good faith by employers.

Q. You say we are passing it?—A. It is not passed yet.

Q. Then, what is going to be your attitude when it is passed?

Mr. MACINNIS: Mr. Chairman, on a point of order. What about this matter of conjecture when this man is under oath?

The CHAIRMAN: The witness has the right to give personal opinion when he gives his evidence, but hearsay evidence is not to be permitted. I understand that the questions put by the Hon. Mr. Mitchell and Mr. Smith are to bring to you a personal opinion from the witness, and that is why I have given, and

I will give to all parties concerned, full latitude in expressing opinions during their evidence. I am sorry, but I will have to rule out hearsay evidence. Mr. Smith's question, as far as I can see, was perfectly in order.

By Mr. Robinette:

Q. Mr. Millard, dealing with that question, if you believe in some form of reviewing control of wages, as you said there should be some reviewing body, is that not what you have now? The parties make an agreement subject to the regional or national labour boards. Can you make any suggestions as to an improvement on that?—A. The fact that the reviewing body is going to be circumscribed by a policy which is restrictive, it seems to me that it would defeat the whole purpose of a review. If the reviewing body is restricted by a policy imposed such as the ten cent limit at the present time, then it seems that the body has lost its power of review; it could not adjudicate on all these matters.

Q. Supposing that is removed, have you an objection to a board of representatives of the management and representatives of labour on such a board?—A. It seems to me that rather than say, "Have you any objection?"—the point I am trying to get out is this, where labour and management, once they have agreed, before putting this in effect, of course, have the final privilege of going to a board which will have to take into consideration the question of price, as well as wages. At the present time we have two sets of machinery, one dealing with prices exclusively, and one dealing with wages exclusively, and there is no co-ordinating body that takes into consideration the full question, wages which had been determined through one body and prices through another body. There is no co-ordination of these bodies. Now, when we run up against a proposition that there is an imposition on the one side without any knowledge of their part, it is an intolerable situation. If we can get a body with the power of review of not only wages, but of prices to advise the parties, it seems to me that the parties may very well consent to abide by a decision of that body. We can have no confidence in a body that apparently has no action to go with that price structure when it has imposed upon it a policy beyond which it cannot go, and we have had that difficulty for some time. Wage orders have stated what is fair and reasonable on a local basis—a gross inequality. We have had cases where boards have gone to the national board, and they have refused to a grant of a five cent increase, and after that we have found management making an application to give a ten cent increase, only to be followed by a second application by management for more than the amount requested by the union, and it would be granted forthwith. That has been our experience where you have this dual establishment of wage control on one side and price control on the other side.

Q. You agree that you cannot have price control without wage control? Can you suggest, from a practical standpoint, anything that can be effected so as to do justice to the employer and to the employee, as well?—A. It seems to me that I tried to make it clear in the letter I filed from Donald Gordon to one of our local unions. Mr. Gordon sets out in that letter that while they are going to take into consideration all the price factors in the granting of an increase of price, they are not going to consider wages. I do not know how the Wartime Prices and Trade Board can establish a price structure without taking into consideration the wage structure. What I have in mind, Mr. Robinette, is that the wage structure has a definite relationship to the price structure, and that price increases should not be granted until it has been shown they are required in order to pay adequate wages and a reasonable return on investment capital. These should be the factors taken into consideration by the price board.

By Hon. Mr. Mitchell:

Q. Mr. Millard, you have stated that directions have been given to regional boards in regard to this ten cents an hour, as you call it. I want to say, without equivocation, that such is not the case.

Mr. MACINNIS: If the Minister is going to give evidence, I suggest that he go in the witness stand and give his evidence. Any member of this committee, who is going to give evidence, should go into the witness box, and then he is subject to questioning by the other members of the committee as a witness, but he is not going to make statements in this committee that I regard as evidence.

By Hon. Mr. Mitchell:

Q. Mr. Chairman, I am a member of this committee and my honourable friend can ask as many questions as he wishes to. He made statements in the last few days. Mr. Millard said that directions had been given to these boards and I would like to know what the direction is. If I might enlarge upon that, it is true, Mr. Millard, that the pulp and paper industry sat down, and through collective bargaining, agreed upon a price of 15 cents an hour increase and appeared before the board and it was granted. Then in the building trades in Ontario there was an increase of $10\frac{3}{4}$ cents agreed upon, and approved. What I want to ask Mr. Millard is this, did you make any submission, based upon your $19\frac{1}{2}$ cents an hour increase, to the board the same as the other labour organizations had done.—A. I would like to answer that by saying that I enquired specifically from the Deputy Minister of Labour regarding an application made by the pulp and paper workers and their employers jointly to the regional board in British Columbia. That application was for 15 cents, and I asked the other day whether or not it was any use to make an application for the amount we are requesting from our employers, and I was told by the Deputy Minister of Labour that, although the 15 cent application had been made to the regional board, it had not been decided by the regional board of British Columbia, and the only evidence we have is that there has been no approval given to the increase beyond 10 cents.

Mr. CROLL: The minister contradicted you a minute ago when he said the building trades got $10\frac{3}{4}$ cents.

By Mr. Robinette:

Q. I think you told us the other day that your union did not resort to the government machinery in this case. You gave your reason as to why you did not do that. Am I correct in saying that you did not do that?—A. It has not been done.

By Mr. Smith:

Q. I would like to discuss some suggestions I am going to make. We are speaking of boards. Am I correct in saying that they are not boards; that there is one man making the decision and two special counsel, one pulling on one arm and the other pulling on the other arm? Is that the set-up?—A. Yes.

Q. Do you not think we all would be better off on the decision of one man? What I had in mind was this, that in the ordinary man's psychology two men cannot decide a thing. Does it not appeal to you that if we had one man it would be more satisfactory to the whole public? When a man goes before a judge and loses out, you say, "Well, Mr. Jones had his day in court, and lost out." Would that not have a great deal to do with the public support in these matters?—A. It is my opinion, in answer to that, that it would at least let us know where the responsibility was for the decision. The responsibility

in that case would be with the arbitrator or the chairman of the board, as it is constituted with one man. I believe that the three-man board is very good because it shows that the chairman is getting a few points as to labour and management in consultation in the making of this decision, and some opinion that he might overlook as an individual might be brought out by way of submitting it to him. But, in the final analysis, what we have now is a one-man board.

Q. Do you not think that the disadvantages offset the advantage you have. For instance, you would not have trouble in submitting labour's case to one man?—A. No.

Q. I do not think you would have any trouble bringing it to the attention of an individual?—A. No.

By Mr. Robinette:

Q. Would that apply to the board that is going to guarantee all these things, whatever may be submitted? Some of these boards have brought down a unanimous finding. A unanimous finding is stronger than a finding of two to one. Do you believe it would be better to have a single man's judgment on these matters?—A. I would like to say that I do not think that the difficulty lies in the personnel or lack of personnel in these boards. I believe it lies in a question of policy. I think the net results would be pretty much the same if we had an over-riding policy, or lack of policy, as we have had in some cases in regard to these matters.

By Mr. MacInnis:

Q. In other words, you still reiterate that prices and wages have to be dealt with together, and it is not a question of one man?—A. Yes.

By Mr. Lockhart:

Q. Wages and prices being guaranteed under one heading, would you then suggest things, such as union security be subservient? In other words, could they be held in the background and dealt with later after we had arrived at some stage where wages and prices could be guaranteed? Would you be willing not to press for such things as union security until then, or do you say that that must be one of the things that comes first?—A. I believe the question of union security in the present dispute, so far as steel is concerned, is equally important with the question of wages because you have got to have a body which is responsible for the carrying out of agreements, once those agreements are made, and you have got to have that body secure to undertake that responsibility.

Q. Do I gather that these other matters you insist that there are one or more things that must come in and be dealt with in regard to wages and prices? You feel that those things must be equal?—A. In the settlement of this dispute, yes. You cannot segregate wages from the other questions. There is no use of making an agreement until both parties are prepared to carry out the agreement in good faith. I think the authority of responsibility must be a corresponding degree of security along with it. I believe that unless we have union security, we cannot give a guarantee to the employer.

By Mr. Archibald:

Q. Mr. Chairman, to carry that on, in the case of a conference, can you have a conference without union security?—A. Only the status that our strength entitles us to.

By Hon. Mr. Mitchell:

Q. Mr. Millard, do you agree that compliance with the law is the very basis of democratic institution?—A. I believe that compliance with the law is the basis of a democratic institution. However, I want to make sure that that law is constitutional and does not abrogate some fundamental rights of democracy.

Q. With those premises of yours in mind, do you think you should have one law for one labour organization, and a different law for the other? If I may follow that up, do you think it is fair to ask eighty per cent of the trade union organizations in the country to comply with the law and the other twenty per cent should be given the right to do as they please? I am only taking those figures for illustration.—A. I agree that one law should apply to all, but I still say that in a democracy we have the right to question whether the law does interfere with fundamental rights.

Mr. Maybank:

Q. Mr. Chairman, before leaving that subject of the one man board, I would like you to tell me if I am right about this; if my recollection with respect to labour board, generally, is that labour always took the position that it wanted a dozen representatives on the board rather than a one man board? Is that not the position of labour, generally speaking?—A. Yes, I think labour has agreed to three or more persons on the board for this reason, that in Canada we have a lack of trained personnel—trained arbitrators, and that labour has felt that it is advisable and necessary to have advisers on these boards who are trained in the question of labour relations. That is why we have advocated more than one man on the board in the past.

Q. In the case of conciliation boards, they have occupied the position of a judge. There are three men. Then, in regard to the regional boards we have under our present set-up that is a combination of representatives of labour and employer? Is that not right?—A. In the Labour Relations Board?

Q. In the regional boards?—A. Yes; they vary in number from five to seven.

Q. Providing equal representation of labour and employers on them?—A. Yes.

Q. I was under the impression, and I would like to be corrected if I am wrong, that the set-up about representatives from each side being on that seven man regional board or the five man regional board, was given an approval by labour at the time it was set up?—A. That is right.

Q. I am under the impression that at the time this whole set-up was announced that it was indicated, I think, by the Minister of Labour that this general plan had been pretty thoroughly canvassed with the various labour leaders in the country, and that the plan as such had its approval?—A. The administration machinery had its approval.

Q. You could not, very well, at that time give approval to what it would do five years later. What I am getting at is this, that some of the representatives would be representatives of labour, is something that labour always desired in this country?—A. Yes.

Q. I certainly always had the idea that the one man board, generally speaking, was not acceptable to labour?—A. There is one qualification that we find to be true. Labour generally accepts the proposition of one man arbitration. When they consent to arbitration they generally prefer a one man arbitrator.

Q. Let us suppose that an agreement between employers and employees in this particular dispute of any sum of money per hour that we like to name, and for illustration we will fix it at 17½ cents an hour is agreed upon. Would you not agree that whatever is done in that respect will likewise be done in every other case across the country?—A. I think it would be generally recognized that it would form a pattern.

Q. That would be a pattern for all other cases if it were settled that way?—
A. Yes.

Q. Then while one must agree that any wage increase in general might not necessarily lead to inflation in considering the matter here to-day, is not it so that we should consider that whatever settlement in steel will be the settlement in all other cases? I mean, we have to look at it this way?—A. I think that one would have to assume that, by and large, the same design would be followed by other trade union bodies and by other industries, and that there would be a general increase approximating the pattern set in steel.

Q. In recent times there have been quite a number of settlements made, perhaps, at ten cents an hour. Say, for instance, the pulp and paper industry. We have to consider today that those agreements would be immediately re-opened and changed to conform to the new pattern arrived at as a result of the settlement here at $17\frac{1}{2}$ cents? Is not that your view?—A. I would have to assume that these contracts that are now in effect, where seven or eight or nine or ten cents have been accepted by the union, that they would carry on to their duration, except where they have an "open end" clause where the employer had agreed to conform to any new existing rates.

Q. Then, barring the "open end" clause, we would have one or two things. We would have dissatisfaction against their agreement because they would feel that they had settled at a low figure before the pattern was established? Would not that be correct?—A. Yes.

Q. Would you not say that if the settlement I have been indicating here was arrived at, there would have to be a re-opening of such contracts?—A. I would say, generally speaking, that is correct.

Q. Then anything that came afterwards, as you have indicated, would have to conform to this pattern?—A. Yes.

Q. Subsequently, is it not coming to this, that in considering this problem as something which is going to lead to inflation, or is not going to lead to inflation, we have to consider that the settlement in this matter will affect some general increase straight across the board?—A. I would like to interject at that point that if what you say is correct, it seems to me that charges increased, the wages are going to allow a higher standard of living, and would increase buying, and then the danger of inflation in that case would not be so great.

Q. May I interject? Between you and me there has really been no disagreement upon that, and if my question to you seemed to indicate that such was the case, it is not so, and secondly, the response you are making is not an answer for you to make. I would recall to you that what I said was that if it is inflation, and I stress the word "if"—if the settlement is inflationary, it is determined by this effect straight across the board because it would go straight across the board?—A. Yes, by and large.

By Mr. Maybank:

Q. Yes. You see, I was not actually saying that the increase would be made. What I said was that we would have to look at it from the viewpoint that everybody is going to be affected by its application. You and I are in agreement on that?—A. I think so.

Q. Well then, that would mean this, that we would have to take the wage bill first of all of organized labour and recognize that it would apply to all industry where organized labour is, at approximately what you settle on in this particular case? Would not that be correct?—A. Yes.

Q. But we here today, as well as the public generally, have to look at this whole case as being one of much broader application than it appears at first sight when the steel workers attain their desire. I believe you will agree with that?—
A. Yes.

Q. Now, Mr. Millard, you intimated that you are in favour of a control system. You would agree that if we are going to get an increase straight across the boards that it might increase the cost in numerous cases, although it might not in all cases. Would you agree with that?—A. Well, in the steel industry we don't believe it will increase costs.

Q. That is not what I have in mind.—A. In some cases it might increase; and, of course, my answer to that was previously that before a price increase should take place as the result of these increases (in wages) that the employer would need to prove that the payment of these adequate wage increases would require an upward revision in the price level, would require price relief.

Q. Yes, wherever that could be done price increases should be granted and therefore we will get to that extent inflation. Is that not right?—A. Yes.

Q. You agree with that?—A. It all depends on whether it is proven that the price increase is justified.

Q. Yes, and I emphasize those three words, to that extent. Well then, if however looking at it in advance it may be shown that an increase of a certain amount straight across the boards would have the tendency of a general increase in price I take it that you would be prepared to give it careful consideration to those effects before pressing to an ultimate conclusion settlement of the issue? Am I right about that?—A. Yes.

Q. I hoped you would take that position, because it is a reasonable citizen's position. That is all I wanted to get at; to make sure that it was appreciated that this is not pattern towards steel, but it is a pattern for all—certainly all organized labour in the first case. You would say that is correct?—A. Yes. I think it would affect all organized labour.

Q. And the effect on unorganized labour would certainly not be immediate, I fancy. Do you agree with that?—A. It would not be as great as in organized.

Q. Probably not as great even in a distant time?—A. That is right.

Mr. MAYBANK: They might at some time in the future, but at any rate it would not be immediate.

Mr. GIBSON: The answer to that is they should be organized.

Mr. MAYBANK: Well, it should be organized, too. You and I will agree on that. I believe that is all I wanted to ask on this particular point. Thank you.

By Mr. Gillis:

Q. Mr. Chairman, getting back to the personnel of the National War Labour Board, I think personnel is very important. I understood you to say that on the National War Labour Board management, the government and labour were represented?—A. Yes.

Q. Can you tell this committee that labour has their representative on the War Labour Board; and if so, was labour consulted as to who would represent them on that Board; or, who appointed the labour representative; and, do you consider him a representative of labour?—A. I would say in regard to the member in question that there was very little consultation with labour regarding the appointment of a labour representative on the national board. And I would say, secondly, in reply to the question, that I cannot consider, having regard to the two large central labour bodies that the man on the National War Labour Board does in fact represent organized labour in this country. I do not believe that the two large organized labour groups were consulted in regard to that appointment.

Q. At the present time then you say that labour has a representative on the National War Labour Board?—A. Only in this regard, they did appoint a man, who I believe is, or was, a trade unionist.

Mr. MAYBANK: If Mr. Gillis will permit me, I wanted to make my position clear; I did not suggest that labour was not represented.

By Mr. Gillis:

Q. Consequently, Mr. Millard, don't you think that very point there is perhaps one of the main reasons why trade unions at this time are losing confidence in the National War Labour Board in bringing problems to it? I think it is safe to say by and large they feel they have no representation on that board and that their side of the question is not getting proper consideration, isn't that right?—A. Well, that is only part of the picture. It is a part of the picture because we do not believe the Board was properly constituted and did not arbitrarily represent labour. But the other part of the picture is, as I have stated, that the policies imposed on the board, or the interpretation of regulations by the board, were not such that it gave labour any confidence that they were going to get what might be, what is commonly called a square deal.

Q. In other words, I am interested in getting your view on this; the chairman of the National War Labour Board is a judge. Has it been your experience in the handing down of decisions that rather in summing up questions from an economic viewpoint decisions are made from purely legalistic standpoints?—A. That has been our difficulty with all the war labour boards, that they have been made more or less from the legalistic standpoint. The chairman of the National War Labour Board at the present time is a judge. The acting chairman is a civil servant, I believe. Judge Archibald is no longer in the board. Miller—is that his name?

The CHAIRMAN: Cameron?

Hon. Mr. MITCHELL: May I just correct that Mr. Millard. Is it our experience with the National War Labour Board?

Mr. GIBSON: He doesn't go there now.

Hon. Mr. MITCHELL: No, he doesn't go there any more.

The WITNESS: And he has given good reason why he would not.

Hon. Mr. MITCHELL: I would say this to my honourable friend (Mr. Gillis) when we are talking about the chairman of the National War Labour Board, it takes some courage properly to fill that position, as you can readily understand.

Mr. GILLIS: I don't know why. I suppose you would say the same thing about Donald Gordon.

Hon. Mr. MITCHELL: Donald Gordon occupies a position of a different kind.

Mr. GILLIS: That is a matter of opinion.

Hon. Mr. MITCHELL: Let me say this to my honourable friend, to put the record right. I know something of what it is like, trying to do anything for labour is not exactly engaging in a popularity contest, and that is the position in which the chairman of the Board finds himself. He is on the spot, and with him it is a case of, "do your duty." Now, in reply to Mr. Millard's question, or, I should say the question put to him, just to have the record straight: on the retirement of Mr. Justice Archibald who sat two years, we appointed an acting chairman, Mr. Justice McNiven of Regina; then there was Mr. Justice Cameron, of Belleville; and Mr. Murchison as Vice-chairman. And I think I should say this, Mr. Chairman, with the permission of the committee, in defence of the labour representative on that board who is not here to speak for himself (and it is quite easy to hold an inquest on an individual when he is not around) that Mr. McLellan has probably carried a trade union card longer than any man in this room. He was a national officer in the machinists. He was a member of the regional-national war labour board, appointed on the recommendation of the Trades and Labour Congress of Canada; and when a change was made and Mr. Justice McTague was made chairman, he recommended a different kind of set-up. If memory serves me right Mr. Lalonde was appointed—no, I am corrected, it was Senator Bench—he was first a member of the

board, and he retired because of ill health, then Mr. Lalonde, Montreal, was appointed in his stead. Mr. J. F. Cohen, K.C., was a member of the Board at that time, and when he retired Mr. Bell, of the Telegraphists was appointed. Then, of course, when Mr. Bell died of a heart condition—I don't wonder at it—we appointed Mr. McLellan. But I do want to say this in defence of Mr. McLellan I do not know of a better trade unionist; I do not know of a man who has fought the battles of labour more in and out of season than Mr. Jack McLellan.

Mr. GILLIS: Mr. Chairman, I am not criticizing anyone on that board at the present time. I am making this statement, that if labour is going to have confidence in the man representing them on that board, then labour should appoint their representative. I just make that point, and that was not done. I am not criticizing the judges on the board, but I say this, that making an analysis of wage problems is an economic proposition; and rather than a judge on the board whose training is legal a trained economist is the person who should have that board. The reason I am saying this is that I think the labour movement generally has lost confidence in that machinery. The fact that this committee is here to-day is proof positive that the machinery has broken down. But it may be due to something else, the machinery may be all right. But I do suggest this, that the board should be reorganized and rather than a judge heading that board it should be a trained economist; and that labour should be given the privilege of appointing their own representative on that board. The employers will always take care of their side. I merely asked Mr. Millard these one or two questions because of the minister's questions to Mr. Millard a few minutes ago. I asked him that for the record because the present dispute is not caused by the machinery provided by the government—the only reason they don't go there is because they lack confidence in the present board; secondly, the machinery provided at the present time has lost the confidence of the people generally. I think if we are going to maintain the present machinery by way of a national board at least—I am not so much concerned with regional boards—it should be revamped, and an economist should head the board, and labour should appoint their representative to that board.

Hon. Mr. MITCHELL: Would you say this, in answer to my honourable friend (Mr. Gillis)—

Mr. CROLL: Mr. Chairman, would somebody please put a question to Mr. Millard; or, are we all going to make speeches of the type being made here at the moment?

Hon. Mr. MITCHELL: That is our right, Mr. Chairman. The Chairman allowed the expression of opinion by Mr. Gillis and I thought I should reply.

Mr. ARCHIBALD: Shouldn't we put the speaker under oath because he might be speaking in an untimely way?

Mr. SMITH: Mr. Chairman, I would like to follow up Mr. Gillis' question; who did they have settle the strike in Windsor?

Mr. GILLIS: Mr. Justice Rand.

Mr. SMITH: Who settled the dispute in British Columbia?

Mr. GILLIS: Mr. Justice Sloane.

Mr. SMITH: Who settled the recent packing strike in Winnipeg?

Mr. CROLL: Was it not Mr. Justice Richards?

Mr. SMITH: Three judges; and who settled the textile strike at Arnprior the other day? Mr. Brockington, was it not; a lawyer. Who settled the one in Toronto the other day at the Massey Harris plant? The same Mr. Brockington, wasn't it? Mr. Chairman, that is not a bad record for the legal profession. Let me ask Mr. Gillis if that is not a pretty fair indication that they have confidence in the viewpoints of men of that type?

By Mr. Robinette:

Q. And Mr. Millard, passing on to another point in your union's program, that has to do with vacations with pay; can you tell us what the state of negotiations is on that, and what the position of the company is. First of all, what do they do now in the way of vacation with pay?—A. Vacation with pay has generally been accepted by the industry.

Q. Is that in force now?—A. After one year's service, that is in force. After negotiation the Algoma Steel Corporation finally agreed for this season to have two weeks after fifteen years service, two weeks vacation after fifteen years service. In negotiation with the Steel Company of Canada they authorized two weeks after ten years of service. We did not accept. And, later, before the commissioner, the Steel Company agreed to two weeks after five years service; apparently, in their submission to the commissioner they agreed two weeks after five, and at the very last moment when negotiations were about to break up they came up and offered three weeks after twenty-five years service in addition to two weeks after five.

Mr. GIBSON: That is pretty fair.

The WITNESS: So in the steel company it is one week after one year; two weeks after five; three weeks after twenty-five years service. The situation in the Dominion Steel and Coal Corporation is one week after one. There is no further provision as yet.

By Mr. Robinette:

Q. That is not going to be a very serious issue?—A. I do not believe that is an obstacle. I believe the employers will now adopt the steel company plan of one, two and three.

Q. Would that be agreeable to the union?—A. Certainly.

Q. Then you mentioned in your brief also that the unions encourage production committees; would you just explain to members of the committee just what you mean by that, and whether such a committee is in effect in any of the three companies at the present time?—A. We had for some little time a union-management committee to deal with production problems in the Algoma Steel Corporation. During the war it fell into disuse. Our object is to establish proper relationship with the employer, with full union security, proper wage rates, and then to establish at each department a committee that will act with the heads of that department on regular occasions and make suggestions for the improvement of the efficiency in those departments. In other words, we want to make our industry as efficient as we can, jointly, and we want the members of our unions to cooperate through union machinery with members of the supervisory forces to bring about that efficiency. That is what we call union-management cooperation or production committees.

Mr. SMITH: Do they deal with claims in respect to wages?

The WITNESS: No they do not, they deal only with industrial relations, they deal with production.

Mr. ROBINETTE: Their object is to increase efficiency in the plant?

The WITNESS: Yes, to cut down manual labour and improve productivity; to modify processes and find out what is required by way of additional machinery to make the work lighter.

By Mr. Croll:

Q. Has there been any objection to that?—A. No, we have not had any so far because the relationship was very poor—to some extent it didn't take place in Sydney—to a very limited extent, and to a very limited extent at

Sault Ste. Marie, where the relationship was good so far as the union was concerned. We did start production committees, but it was not important so far as the Steel Company of Canada is concerned.

Q. During the war wasn't that encouraged by the government, and wasn't it carried out to a very wide extent?—A. They were called labour-management committees, and they were not functioning through the local unions. That was just a case of simply the employees getting together with the supervisory staff and working it out. It was not done in an organized fashion throughout the plant.

Q. I have one more question following up what Mr. Maybank said a few minutes ago. As I understand it the witness said that he believed in price control, general price control. If we assume for a moment that the Steel Company is prepared to give a 15 per cent increase—or a sixteen per cent, whatever it may be—are you then prepared to close a contract for an indefinite period of time; and, for what length of time are you prepared to close a contract?—A. We believe that whatever increases are granted should be retroactive to the first of April, the date of the price increase we know of, and we would like it to start as of that date and finish as of April 1, next year.

Q. For one year? You are prepared for one year, no matter what the circumstances are through the course of that time; for one year you are prepared to take your chances under that contract?—A. That is right.

By Mr. Robinette:

Q. Just one or two other questions. Mr. Smith asked a question last week as to legislative control of the unions, and I think you indicated that you would not be opposed to such a suggestion. I have often heard it said that unions should be incorporated so that their funds should be available for breach of collective bargaining agreement. Probably that was what Mr. Smith had in mind. What is the opinion of your union on that?—A. We are absolutely opposed to that idea of incorporation. Labour is always opposed to incorporation and will continue to do so.

Mr. BEAUDOIN: Why?

The WITNESS: Because if we are going to be incorporated as an entity then we will face the question of being sued as an entity, and the financial resources of the union would not compare to the financial resources of our opponents, and we cannot assume that responsibility.

Mr. GIBSON: It does not necessarily follow, if you are a very large union you may have more funds than many of the employers. For instance, I understand that the C.I.O. is quite large, much larger probably than some of the steel companies, and probably have more liquid assets.

Mr. CROLL: Hardly.

Mr. ROBINETTE: Legislative control might also involve complete publicity of accounts, not only of your members, but filing under some government authority. What would the views of your union be as to that, the filing of all your accounts, audited statements, say with a registrar of trade unions or something of that kind? Would you object to that sort of thing?

The WITNESS: I think we have taken the position; the unions have, that we would have no objections. I think I have already indicated to the committee, we filed our audited statement, certainly, I think that labour would not object in any way, shape or form as to filing its accounts and making its financial affairs available to a proper government audit, and I should think we are prepared to go as far in that regard as industry.

Mr. CROLL: Don't you actually do that in Ontario now?

The WITNESS: Yes.

Mr. ROBINETTE: So that you have no objection to taking that course?

The WITNESS: No.

Mr. SMITH: I do not recall that I said anything about incorporation. I want to keep my skirts clean about that.

Mr. ROBINETTE: Then, another question, I notice from the press—and I have no knowledge of it except through the press—the Hamilton plant there is going on what is called massed picketing. Now, what is the policy of the union as to this question of massed picketing; do you agree or do you disagree with it; what position do you take as to its legality or illegality?

Mr. CROLL: It just occurred to me at the moment, Mr. Robinette, isn't the matter now a question before the court in particular in the province of Ontario? I think the matter is now before the court in the province of Ontario on a trial before Judge Prentice, if I am not mistaken. Is not that the position now?

Mr. ROBINETTE: That is in the Anaconda dispute?

Mr. CROLL: Yes, and the matter now being before the courts I think it would be a very delicate position to have any opinion expressed on it even in this committee.

Mr. ROBINETTE: Possibly I should not ask the witness as to his opinion. I can ask him what the practices are, what is actually being done. Your union has massed picketing at the Hamilton plant?

The WITNESS: I might say that there is massed picketing going on at the steel company's plant at Hamilton at the present time.

Mr. JOHNSTON: There is, or there is not?

The WITNESS: There is.

Mr. ROBINETTE: What does that involve, massed picketing?

The WITNESS: Specifically it does not limit the number of picketers on duty at any one time. Where you are not allowed massed picketing is where the police commission of the municipality imposes the number that you cannot go beyond; you may have two, you may have six, you may have ten. There is no limitation as to the number of picketers at Hamilton at the present time.

Mr. GILLIS: I would like to ask you on that point, how many pickets have you at the Algoma plant?

The WITNESS: Only three, what we call token pickets. A larger number of pickets are not required there because no operations are being carried on.

Mr. CROLL: And the purpose of the picket is to indicate that there is a strike on in the plant?

The WITNESS: Yes.

Mr. GILLIS: And that is one of the plants at which the union agreed to continue maintenance?

The WITNESS: That is right.

Mr. ROBINETTE: Mr. Millard has indicated to me that he wants to file a written brief containing some figures and a statement. I have no doubt the committee will be agreeable to having that presented. And I think you said it would be ready tomorrow some time, Mr. Millard?

The WITNESS: Late today, or first thing tomorrow.

Mr. ROBINETTE: I am suggesting to the committee that Mr. Millard be permitted to stand down now, unless there are some members who wish to ask him questions.

By Mr. McIvor:

Q. I should like to ask a question before Mr. Millard retires. It is a simple question. It is recognized that the strikes which have taken place since the war have been in C.I.O. unions; that is because you have taken into your unions all the workers in the plant, is it not?—A. Yes.

Q. Therefore I would like to ask if you would be in favour of giving a man in a low wage bracket a good increase and a man at the top a smaller increase so that the wages would be more equalized, because the wife and family of the labourer have just as great need of a good standard of living as do the dependents of a man who is getting a higher rate of wage. Would you be in favour of increasing wages in that way?—A. Generally speaking the unions are in favour of bringing the low man up without necessarily taking the high man up in corresponding degree; but the difficulty we are under is this, that over the years management has established certain differentials in industry between the various groups; between labour, the semi-skilled man, and the production man or the skilled operator, and if those differentials if they are disturbed create a degree of maladjustment throughout these plants, where very highly integrated, established differentials exist; so that if you really begin your wage increase at the bottom it is practically necessary that some modification, that the same increase be straight across the board in order to maintain these differentials which management itself has established; because if you disrupted these or disturbed these differentials, then you have difficulty regarding certain groups within the organization. And I think management regards these differentials as having been established to correspond with increased responsibility, and it is these increases in the scale of rates which provides incentive for the personnel at the bottom to try to climb into these higher rates. I think the only thing we would consider at the moment as being justified would be a straight increase of fifteen cents across the board which would leave the differentials which existed before as they were, pretty much as they were previously; so I think the answer to your question directly would be that we could not at this time go into the matter of adjustment, and what we want is a general wage increase to apply across the boards.

By Mr. Case:

Q. Mr. Chairman, I wanted to refer to page 9 in Mr. Millard's preliminary brief, and deal with the matter of dues or fees. I understood, Mr. Millard, that dues were increased this year from \$1.00 to \$1.50 and that 75 cents goes to the local union?—A. Yes.

Q. And 75 cents to the international union?—A. Yes.

Q. By "the international union," you mean there is an association between the unions of Canada and the United States. What part of the 75 cents goes to the United States?—A. I thought I made it clear that the 75 cents is transmitted by cheque. That cheque is endorsed, and the entire 75 cents is returned to the Canadian account of the international union, so that actually none of the \$1.50 goes to the United States.

Q. There has also been discussed here the matter of union security. I am going to pursue that a little farther in relation to your political affiliations. There was some action taken a few years ago where you said a local union could make a contribution to a certain political party. Was that action taken by the international union?—A. No; that was taken in Canada. We have complete autonomy in Canada to decide our wages policy and our political policy.

Q. You determine whether local unions should make a contribution, or not?—A. Yes.

Q. Local unions can decide by a majority vote whether the contribution is going to be made?—A. We recommend that before such contribution is made that it should be done by a referendum vote.

Q. If the majority vote to make this contribution they can do so?—A. Yes.

Q. That would be taken out of the local union fees?—A. Out of the local treasury.

Q. So that if 51 per cent or 60 per cent, if they wanted to make this contribution, it would be in good order for the local union to make that contribution?—A. Yes.

Q. What persuaded you to take this action was because of the central body?—A. In United States our union has taken certain political action to improve their situation, and we believe it is necessary that labour should have more direct representation in parliament than it has, and we are, therefore, in favour of taking such political action in Canada as in Great Britain.

Q. Did the trade union name a certain specific party?—A. They did in Great Britain.

Q. But not in the United States?—A. No.

Mr. CROLL: No, they named their political party in the United States.

By Mr. Case:

Q. Were representations made to your central organization for this political authority?—A. No; these representations are simply our own decision.

Q. Can you tell me how many local unions are making these contributions?—A. I can't tell you at the moment.

Q. I had a little experience negotiating with a union, and we were a political body, a town council, and we took exception to this policy in the agreement that certain contributions were going to be made to a political body, and they agreed to take that out.—A. I hope the member who is asking me these questions, will ask the same question of the employers.

Mr. CASE: My point, Mr. Chairman, is not that, I have no objection making contributions to a political party, but I am trying to establish that only one political party enjoys this position.

By Mr. MacInnis:

Q. May I ask a question, Mr. Chairman. There is nothing in the constitution that prevents the union from affiliating with any political party?—A. No.

By Mr. Case:

Q. That is the story we had from our local union. We asked them if they wanted to make a contribution to all parties, and they said no. There is just one party, the Co-operative Commonwealth Federation that it designated?—A. I presume that is the only one that they felt had their confidence.

Q. It is fair to say that this one political party is definitely interested in your union? In other words, if anything happens to your union, those contributions are going to fall off?—A. I don't know about that.

Q. Of all the political parties in Canada, there is only one party that is directly financially interested in your union?—A. That is the only one I know of.

Q. You can imagine what would happen if that party was the principal party in Canada. I do mean this, that in your appeal for public support and public opinion that you can understand why I am trying to indicate from a personal view, how easy the public might be prejudiced if they felt you were the arm of political party, or that political party was your arm?—A. I would like to say that if you take Great Britain as the classical example, it does not seem to have injured public opinion in Great Britain.

Q. There is another question, Mr. Millard, and Mr. Chairman through you, as to the amount of the fees going to this political party?—A. The usual amount is the per capita that we pay to our central body, around two cents per member.

Q. Is the disbursement then made from the central organization?—A. Sometimes it is made by arrangements directly from the national body, and sometimes by the local body.

Q. There would be some way where I could find out how many local unions make these contributions?—A. You can enquire from the Co-operative Commonwealth Federation.

By Mr. MacInnis:

Q. With regard to the question of bringing the low-paid workers up to equality with the higher-paid employees, you would have no objection to bringing all the workers to near equality with the management?—A. No.

Q. In the matter of remuneration, I would draw attention to the fact of the way we have of looking at things. We take it for granted that one person is entitled to a certain thing because, as Mr. McIvor said, his wife and children need a certain standard of living. That applies right to the top because we all have the same human feeling and the same human aspiration. In regard to the point raised by Mr. Maybank that this increase that you are asking for the steel workers would become a pattern in all other industries across Canada, you do not mean by that that this specific percentage of increase would have to be granted in all other industries?—A. I said, generally speaking, it would become a pattern, not specifically.

Q. Here is another question dealing with inflation. Is it your opinion that every increase in wages granted has an inflationary effect?—A. I don't think that any increases that have been granted have had an inflationary effect because I pointed out that if we are going to raise our standing of living in Canada, then we are going to have a higher purchasing power in this country, so, of course, that does not mean inflation.

Q. If that point of view is accepted, then those who take the position that increases are inflationary, they would have to impose an increase in the higher brackets as well as the increase in the lower brackets. There is only one other question I want to ask. I would like to have your reaction to this before you leave the stand. Is your organization prepared to enter into negotiations with the steel companies with a view to reaching an agreement on wages and the other matters in dispute, Mr. Millard?—A. We are not only prepared, but are delighted to proceed into negotiations to reach a settlement. We stand ready to meet the management any time that can be arranged.

By Mr. Maybank:

Q. Mr. Chairman, may I ask a couple of more questions? I have been asked by some person as to the manner of vote in the various unions. I may say I gave an opinion as to what I thought it was, but I do not know whether I was correct or not. In your statement to the committee you have detailed at what time the strike authorization was given. Would you describe the manner in which the membership was given that mandate? Is it by ballot, or otherwise?—A. We had ballots printed centrally and distributed to what we conceived was the logical number in each local union. The ballot read as follows, as near as I can remember: "Are you in favour of authorizing your international officers and Canadian directors to take whatever steps are necessary, including strike action, for the implementation of the wage hour program of the union."

The CHAIRMAN: I think it would be interesting to have a copy of that ballot.

Mr. MAYBANK: I can see what the chairman has in mind. Documents prove themselves easier by looking at them.

The CHAIRMAN: My thought is, that according to the law of evidence, the best proof should be brought in before a tribunal, and the same law should apply here. If Mr. Millard has no objection, I would ask him to file a copy of that ballot later on.

By Mr. Maybank:

Q. That is what I meant, but the chairman is able to put it much clearer. Mr. Millard, you were saying that you had a considerable number of ballots distributed to the various locals?—A. Yes; you were asking how the election or the balloting was adopted. We have a representative of the international union

in charge of a certain number of local unions. Representatives were sent the ballots, and they distributed them to each local union, and then the local union established an election committee, and I said before, it was usually the committee that conducts the local union election for local union officers. That election committee had the ballots, and the men usually came to the union office, or it was set up outside the plant gates and each member came along and showed his union card and was given a ballot, and retired to some place and marked the ballot secretly and deposited it in the ballot box, and the election committee took the ballot box, and figured out the number who were on the voters' list, which was checked off as the men voted. He not only got his card punched or marked, but he was checked off on the voters' list. That was taken to headquarters and counted by the election committee and the return given to the international representative in charge.

Q. From the way you have described it, it would appear, to all intents and purposes, a comprehensive referendum?—A. Yes.

Q. You aimed at getting an expression of opinion from everybody?—A. Yes; I may say that the record is clear that it was not only the local unions whose contracts were open, but the entire union in Canada expressed their opinion whether they favoured granting this.

Q. Would you give an illustration of one of these unions which did not have a contract which was open at that moment?—A. Yes; we had the steel wares which were just completing negotiations. They have a master agreement covering four plants, two in London, one in Toronto and one in Montreal. They did not take the vote at the same time because their agreements were being concluded.

Q. And probably were very nearly closed?—A. Yes, and some had already closed their contracts.

Q. Would you give an illustration of one that was closed?—A. I could get you many, although I do not recall one offhand.

Q. Briefly, there were several unions which, at the moment, had closed contracts?—A. Yes.

Q. Would not these be affected particularly by this mandate that was being given, to their contracts being closed, anyway?—A. Yes.

Q. Would you be able to indicate the number of unions that had closed contracts?—A. I think I would be safe in saying that out of 150 unions, there were probably more than 100 that had closed contracts, and I would like to say further that there were no local unions of steel unions where they had contracts. Their contracts are open, or they would not be on strike to-day.

Q. In saying there was about 100 unions that had closed contracts, there would be about 50 that did not?—A. 50 or less.

Q. At that time which had open contracts. What would you say as to persons who had no contracts and might be interested in the dispute which might call their brethren being called out on strike and they not being called out on strike?—A. I would like to say that a strike in the basic steel plants will naturally affect the workers in other plants.

Q. Your point is that although people in the closed contract places might not be called out on strike, they would get inactivity just the same if someone else in the steel plants went out on strike, and that is the reason for giving them an opportunity of giving a declaration in advance?—A. Yes; they are directly or indirectly affected.

Q. I am glad that was brought out because some people would think that persons apparently not affected should not have a voice. In fact, they are affected?—A. Yes.

Q. You had had a dispute with Dosco running on from 1943, which was finally determined by the war labour board granting five cents less than in the balance of the industry?—A. Yes.

Q. When that decision came up, you felt that you could not afterwards have confidence in the machinery the government had set up?—A. Correct.

Q. It was then that you made your decision not to use the machinery of the government?—A. I would not want to say that it was that one case, alone. There were a number of cases. That was the outstanding case.

Q. It was at that time that you made your decision?—A. Yes.

Q. About the beginning of April?—A. Yes, around the April 1.

Q. It was at that time that you decided that you would not make any application to the regional war labour board, nor to any other board of that same system?—A. Yes; we felt that we had exhausted every opportunity for the boards to do these things that had been agreed upon back in 1943, and that their failure to comply with the understanding arrived at in the settlement of January, 1943, that we had no further confidence in that board.

Q. There was a newspaper report about that time respecting yourself to this effect; that you declared that you had lost confidence in the war labour board and that in this steel dispute, which was then imminent, you would not bother to deal with the war labour boards either regionally or nationally, but that you would negotiate, if you could, and if you could not, you would strike. Would that be an accurate representation of your attitude at that time?—A. Yes, I think that reflects the attitude we had at that time.

Q. I am trying to recall what I read, and it ran something like that. I believe the reporter used the expression "brush-off." Did you use that expression?—A. No, I don't think I used that expression. I meant that we wanted to go directly to our employers.

Q. And that you did not intend to use the boards at all, in any event?—A. I said we had lost confidence in them, and we could not use them.

Q. When you expressed it in these general words, you meant, "We are not going to use them"?—A. I would say "yes."

Q. You used a more diplomatic expression when talking to the reporter, but that is what you meant?—A. Yes.

Q. Would it not have been better to have tried again to go through the agency of these boards than to have decided to go past them?—A. I would like to say....

Q. That is hardly a fair question, but what do you think?—A. I would like to say, Mr. Chairman, and Mr. Maybank, that we had cases up to that time pending before the board and we felt that the proof of the pudding would be in the eating. If these cases, that were still pending before the board, were decided, it might change our attitude.

Q. Have they been settled in the meantime?—A. Yes, and the settlement, in most cases, has been just as unsatisfactory.

Q. Does that not lay you open to this sort of a charge that you were in fact saying, "If we get good decisions in some other matters, we will use the machinery of the government, but if we do not get good decisions, we will pass these tribunals and operate in the manner that seems most satisfactory to us"?—A. No, not all. In the meantime there had been some change in policy, and we wanted to see whether the boards under the amended regulations would adopt a different policy and decide our questions differently than they had previously, and we found out they were deciding as they had done previously. Knowing of the price increase, too, that had been granted, and that price increase was similar to the price increase in the United States, we concluded that the boards were not competent to give a raise increase that would correspond with the prices that had been given.

Q. Let us so suppose that you are right. Still, are you not in this position that, by reason of not liking a board, you have decided to take the matter into your own hands? Are you not in the same position that because you did not like a board, you were going to follow your own authority?—A. No;

one had to decide whether the process of collective bargaining was going to prevail, and if it did prevail we could make joint applications, as we are doing. There are two cases that are pending where applications have been made by the employers as a result of collective bargaining and agreement that we find that the board cannot ratify, although this agreement was arrived at mutually by collective bargaining. It was a matter of choosing whether we had to by-pass the boards or give up what we called a claim.

The CHAIRMAN: Do you intend to go on with Mr. Millard this afternoon?

Mr. MAYBANK: I have concluded with my questioning. Are we not in the position where we have called the employers for 4.00 o'clock?

The CHAIRMAN: Yes, I understand that all three employers are here in Ottawa, and they are most anxious to appear before the committee.

Mr. CROLL: I suggest that Mr. Millard stand aside for the time being, and we start this afternoon by hearing Mr. Hilton.

The Committee adjourned at 1.00 o'clock p.m., to meet again at 4.00 o'clock p.m.

The Committee resumed at 4.00 o'clock p.m.

The CHAIRMAN: Order.

The agenda committee met this afternoon and I now present their third report which reads as follows:—

OTTAWA, MONDAY, 22nd July, 1946.

As a Third Report, your Agenda committee recommends:—

1. That, if at all possible, the printing of the minutes of proceedings and evidence of this committee be expedited, and that the Secretary of State be communicated with again in this respect.

2. That the committee sit twice daily.

Respectfully submitted,

(Sgd) MAURICE LALONDE,
Chairman.

Mr. CROLL: I move the adoption of that report.

Carried.

The CHAIRMAN: I have received a telegram from Mr. George Bennett, President and Chairman of the Policy Committee of Local 199 of the UAW-CIO at St. Catharines. I will ask the clerk to read it.

The CLERK: Mr. Chairman and gentlemen, it reads as follows:—

ST. CATHARINES, ONT.

Mr. MAURICE LALONDE

Chairman of the Parliamentary Committee
on Labour Relations, Ottawa, Ont.

At a special meeting of the policy committee of Local 199 UAW-CIO held on Saturday, July 20th, it was decided that the following telegram be sent to the chairman of the parliamentary committee on labour relations: Maurice Lalonde, MP; Humphrey Mitchell, Minister of Labour; George Burt, Lord Elgin Hotel, Ottawa; Pat Conroy, Canadian Congress of Labour, 230 Laurier Ave., Ottawa; John Bracken, MP; M. J. Coldwell, MP; D. Croll, MP; and the Press:—Management of McKinnon Industries

Limited (G.M.) indulging in full page newspaper advertisement, also an unfair anti-labour campaign in the factory amongst the employees stop We demand that the company immediately desist in this type of propaganda stop Local 199 UAW-CIO the recognized collective bargaining agency stop Some statements in telegram sent to your committee over the signature of Mr. T. J. Cook, totally erroneous and based on supposition stop Union has bent over backwards in order to bring about a satisfactory settlement both in respect to wages and in changes to the agreement stop Company is well known for its anti-union policy stop The overwhelming "Yes" vote of the membership in the secret ballot that was taken is a mandate to the policy committee to fight the case of McKinnon workers for an 80 cents an hour minimum for males 60 cents an hour minimum for females, 40 hour week 2 weeks vacation with pay and union security through to a successful conclusion.

(Sgd) GEORGE BENNETT

President and Chairman Policy Committee.

Mr. CROLL: Mr. Chairman, before moving that that telegram be referred to the steering committee, where I presume it will go, I think it is well that the committee realize that there is a highly explosive situation in St. Catharines at the present time, and I think the wire sets before us the intensive anti-labour campaign which is being carried on. I take it that it is the intention of the committee that everyone directly concerned will have an opportunity of presenting his case. Further, I take it that the primary duty of this committee is not only to help solve the present unrest, but also to try to lay down a formula for labour peace in Canada. I would also like to call the attention of the committee to this, that for the first time in my recollection at least there is a very dangerous pattern being laid down for strike-breaking activities, and it is lending encouragement to efforts on the part of other people who are in a similar position. As a result I think it should be said that this present committee should not be taken as in any way closing its eye to the present situation in the steel company, and that we are not dealing with that problem at the present time because we have a more aggravated situation and we will deal with it in due course. But these interests take this pattern for dealing with working people rather than sitting around a table and discussing their differences, and they should get little encouragement from us here at this time or any other. I would move that this telegram be referred to the steering committee.

Mr. SMITH: Before that motion is put, I would say that I agree with Mr. Croll. I had some conversations with people over the week-end, and my suggestion was, in looking at this picture, that I thought they should be heard. This telegram comes, I take it, from what is known as McKinnon Industries, which is located at St. Catharines, from the employees of the local there. I think we are doing all we can. There is very considerable business on our hands now, but I think we should have these various organizations come and give their views on the situation, and set forth, as to some extent Mr. Millard did this morning, their broad pattern about what should be done. I merely mention it for consideration as a matter of procedure, otherwise we are going to have every small difficulty in the world thrown in our laps.

The CHAIRMAN: Are you ready for the question?

Carried.

The CHAIRMAN: Mr. Hilton, please.

Before Mr. Hilton comes on the stand, I would like to say that I am happy to note that the representatives of the Steel Company of Canada, the Dominion Steel and Coal Corporation and the Algoma Steel Corporation are present to appear as witnesses before the committee.

I wish to extend to these gentlemen, in the name of the committee of the House of Commons on Industrial Relations, the most cordial welcome. No doubt they will collaborate with us in solving this painful problem of national importance which the House of Commons have asked us to study. I repeat that these gentlemen, as well as the workmen's representatives, will find friends and collaborators in our committee and that all, irrespective of political parties, are ready to work towards the solution of strikes in Canada.

Since we are all activated by the same spirit of justice and impartiality, I am confident that we will perform a useful task for the greatest good of the Canadian nation.

Mr. H. G. Hilton, General Manager, The Steel Company of Canada Limited, Hamilton, Ontario, called:

By Mr. Robinette:

Q. I understand that you are general manager of the Steel Company of Canada?—A. I am the president of the Steel Company of Canada.

Q. How long have you held that position?—A. A year and a half.

Q. Prior to that, what is your experience in the steel industry?—A. I have worked at it since 1910, when I started on the hard end of a shovel at 17½ cents an hour, twelve hours a day and seven days a week.

Q. After that, what happened?—A. After that I got a little better job and kept on going until here I am.

Q. You are representing the Steel Company of Canada before this committee?—A. Yes.

Q. I understand, through your counsel, that you have prepared a written statement of your position?—A. That is right.

Q. Have you copies for the committee?—A. They are here.

The CHAIRMAN: As soon as they are distributed, I will ask you to read it?

The WITNESS: Mr. Chairman, and gentlemen:

STATEMENT BY THE STEEL COMPANY OF CANADA LIMITED TO THE PARLIAMENTARY COMMITTEE ON INDUSTRIAL RELATIONS, JULY 22, 1946

Our Company is very glad to have the opportunity to place its position before the people of Canada through your committee and gives you its assurance that it will co-operate with you fully in your deliberations in the hope that a practical and useful conclusion may be reached. May I express my regret that family obligations prevented me from appearing earlier, but the delay was unavoidable.

We find ourselves in the midst of a strike against the government and contrary to the welfare of the citizens of Canada as a whole. The fact that the union will not permit coal to be unloaded at the Soo is an indication of its callous disregard of the public at large. As a result of the coal strike in the United States, and the seamen's strike in Canada, it will be impossible to bring in sufficient coal to supply the needs of central Canada next winter during the present season of navigation. Every cargo of coal which might have been unloaded at the Soo, and is not, will do that much more to intensify

the discomfort Canadian citizens will probably suffer this coming winter. Notwithstanding the strike, well over two thousand production employees are still in our Hamilton works on this, the ninth day since access to the plant was barred by illegal mass picketing. As a result of their determination to exercise their rights to work and to obey the law of Canada, these men are being forcibly deprived of every other civil liberty and right.

However, ore and coal cargoes are being unloaded at Hamilton as received. Coke production has been maintained steadily at approximately 85 per cent of capacity. The larger of the two blast furnaces in operating condition when the strike was called has been producing pig iron consistently at a rate somewhat better than the average. Daily ingot production has been approximately two thousand tons which is 65 per cent of normal maximum output and—which is most significant—about one-third above the maximum pre-war daily production. The entire production of ingots has been rolled in the bloom and billet mills, and the rod mill, plate mill and one bar mill have operated daily. This will give you an indication of what is being done by our loyal employees in spite of tremendous obstacles to support the general situation toward which we feel a very keen responsibility insofar as supplies of steel are concerned.

Before proceeding with a discussion of the specific demands made by the United Steelworkers of America (C.I.O.), Local 1005, it is desirable that I give you a brief resume of the history of our labour relations including our experience with Local 1005.

In the thirty-six years since this Company was formed in 1910, it has never experienced a strike against Hamilton Works as a whole until the present one and in the past twenty-five years has only experienced one departmental stoppage on account of strike action. For many years before the war, this Company paid higher rates of wages than either of its competitors involved in this dispute which was only suitable and proper because of the comparative economic conditions in the respective locations of the three primary steel plants. Following the 1943 strike, advances were made in wage rates at Sault Ste. Marie and Sydney. Our men did not strike and remained steadfast in their duty to maintain production of steel required for prosecution of the war without any interruption. We immediately applied to the Ontario Regional Labour Board for permission to restore the differentials wiped out by these advances and which previously prevailed between rates paid at Hamilton and those in effect at the other two steel plants. This request was granted. However, a further application was made by the Algoma employees to equalize basic rates paid at Algoma and Stelco which was subsequently granted by the Government Board. This made it apparent that a continuation of such a see-saw would be contrary to the Government's policy of stabilization, and we had to waive this advantage of higher wages formerly enjoyed by our employees. Our basic rate has, therefore, remained stationary since that time.

It is emphasized that The Steel Company of Canada has not been and is not opposed to collective bargaining nor is it opposed to the principle of trade unionism. Some years ago an employee representation plan was inaugurated to provide means for an exchange of views between the employees and management on wages, working conditions or any other matters of mutual interest to employees and employer. Personnel officers have been available to employees for consultation for many years. We have no quarrel with unions as such. We put no impediment in the way of our employees joining any association they choose. We do, however, protest against the policy of coercion and violation of the law which has prevailed since the C.I.O. started operations fostered by one-sided labour legislation in the United States. Fortunately we do not have the same kind of labour laws in this country, but we are rapidly allowing the infiltration of U.S. methods and control to destroy the autonomy of the Canadian Government in labour matters. Certainly anyone will admit that we are witnessing, in these times, acts which would have met with immediate corrective action

by the authorities only a few years ago. A high official of the British Union embracing the steelworkers there is said to have stated during a recent visit to the United States that the difference between labour conditions there and in England seemed to be that in the United States the C.I.O. strike first and then negotiate, whereas in England they negotiate first and hardly ever strike.

In addition to having paid the highest rates of wages in the Canadian primary steel industry as long as we were free agents, we have, from time to time, provided added advantages to our employees in various forms. The cost of these plans over and above the high wages paid has been substantial. In 1919 a non-contributory pension plan was inaugurated to the support of which, up to date, the Company has irrevocably transferred \$4,346,120. Under the provisions of this plan there are 210 retired employees now receiving pensions. In 1928 a Benefit Plan for Employees was instituted which provides unusual returns to employees in proportion to their contribution of 70c a month. This plan provides for those employees stricken by illness or non-industrial accidents the following:—

\$10 per week disability benefit after the first seven days' disability.

The service of doctors, surgeons or specialists as they may be required.

Three weeks' semi-private hospital accommodation for any one illness.

Miscellaneous hospital charges such as operating room fees, laboratory fees and so forth.

In addition to these features, \$500 group life insurance is carried for each member of the plan. An additional \$5 per week disability benefit and \$500 additional group life insurance, making a total of \$1,000 are obtainable at very slight additional cost. The cost of this plan over and above employee contributions is borne by the Company and it amounts to somewhat over half the total cost.

The Company commenced granting holidays with pay in 1935 and the original plan has been extended from time to time since.

During recent years a special wartime Christmas bonus of \$25 has been paid to every payroll employee shortly before Christmas.

Very soon after the outbreak of war the Company put a Military Service Benefit Plan into effect which provided for all those employees who had been in our service six months or more when war was declared and who enlisted for active service in any of the armed forces an assurance of their job when they returned, maintenance of their group life insurance for the duration of their war service by the Company, credit for service with the Company during the entire period of their absence just as though they were working, and an amount equivalent to 15 per cent of normal earnings while absent from the Company up to a maximum of \$250 a year was set up for each employee who qualified. Many employees who enlisted early in the war drew benefits well in excess of \$1,000 to aid them in their re-establishment in civil life upon their discharge from the services. This plan was inaugurated considerably in advance of the Dominion Government's legislation on the subject.

I believe I should point out at this time that our practice of paying high wages, establishment of the pension plan, benefit plan and the inauguration of holidays with pay all took place long before the C.I.O. appeared on the scene.

The record of continuous service with the Company is ample evidence of its excellent labour relations policy. Particulars of the length of service of the employees of Hamilton Works are as follows:—

25 years and over.....	559
20 years to 25 years	392
15 years to 20 years.....	511
10 years to 15 years.....	517
5 years to 10 years	1,006
Sub Total	2,985
Up to 5 years	2,313
Grand Total	5,298

It is significant that the total number of employees September 1, 1939 was 2,864 in comparison with the figure of 2,985 present employees who have been in the company's employ five years or more—in other words, those employees with less than five years' service are accounted for almost entirely by the increase in staff since 1939. This history of employees staying with the company is also demonstrated by the following analysis of the employees of this plant September 1, 1939.

Total number of employees Sept. 1, 1939.....	2,864
No. of these employees still employed February 15, 1946.....	2,347

I might explain that February 15 date. February 15 just happens to be the date when we made up this analysis and they were the only figures we had available at the time. Continuing:

No. of these not yet returned from the armed services at that date...	34
No. of deaths Sept. 1, 1939 to February 15, 1946.....	219
No. retired on pensions since Sept. 1, 1939 and living Feb. 15, 1946.....	68
Total	2,668
Difference representing those in our employment Sept. 1, 1939, who left for other reasons between that time and Feb. 15, 1946.....	196 or 6.8%
Total	2,864

An interesting deduction can also be made from the fact that many employees are relatives of others in the employ of the company. As of February 15, 1946, there were employed at Hamilton works:—

463 sons of other employees
165 brothers of other employees
97 nephews of other employees
157 in-laws of other employees
38 cousins of other employees

920 total relatives out a total of approximately 5,000.

These figures on continuity of service with the company and relatives in its employ speak for themselves.

In other words, men do not bring in their cousins, uncles and aunts to work in an outfit that is not a pretty fair outfit to work for.

With regard to safety, the record at Hamilton works is particularly good. The figures of the Industrial Accident Prevention Association show that, in the particular group in the province of Ontario which includes Hamilton works, compensation cases were 3.43 per 100 employees, while our record was 1.89.

Finally had the attitude and policies of the company toward its employees not been considered fair and reasonable by many of them there would not be over 2,000 men working willingly in the plant to-day with many more wanting to join them.

The union commenced its active organization campaign as long ago as 1937. During the intervening years a constant campaign has been carried on to disrupt the good relationships which have always existed between the employees of the company and its management. In order to accomplish this end, misrepresentation of facts and accusations of bad faith on the part of the company's officials were constantly resorted to. In order to create a feeling of distrust, hand bills have been passed out at the gates of the plant during all these years. Typical samples are available for inspection by any member of the committee who cares to see them. In many cases they are the only specimens we have on file so it is impossible for me to leave them with the committee. Approximately nine months ago, in preparation for the strike just called, the Union instituted a series of weekly broadcasts over station CHML in Hamilton. In these broadcasts a studied effort has been made to discredit the company in the eyes of both its employees and the public. They have been replete with statements which were misleading and, in some cases, utterly false. Notwithstanding this, our employees evidenced very little interest in the C.I.O. and

even to-day, in proportion to the intensive efforts put forth by the Union during recent months, I suspect true membership in good standing to be highly unsatisfactory to the union organizers.

The union testified in the Ontario Labour Court in the autumn of 1943 that its membership in good standing was 259 out of approximately 4650 eligible employees. As recently as May 8 an official count of membership in good standing carried out under the supervision of an official of the Department of Labour showed 2256 such members out of a total of 4868 employees.

Following the hearing before the Ontario Labour Court just referred to, a vote, supervised by that court, was taken at Hamilton works in which, out of 4,450 eligible to vote, 3,790 actually did so and of them 2,461 or 55 per cent of the total eligible voted in favour of the C.I.O. They were, accordingly, certified and after lengthy negotiations a collective bargaining agreement was signed which expired February 24, 1946. Discussions concerning a new agreement commenced January 3, 1946. Notwithstanding the fact that, only a year previously after lengthy negotiations, an agreement acceptable to both parties was reached and signed, the union insisted upon an entirely new agreement containing many features highly objectionable to the company. As an example, the union insisted on deletion of a no-strike clause during the term of the contract in this new agreement. They refused to agree to a clause prohibiting strikes over wages and hours of work while present wage ceilings, imposed by the government, prevailed. According to the press, this prompted Judge Miller, acting as chairman of a conciliation board, to ask the union whether it is prepared to abide by the law. The union is said to have refused to give a direct answer. Of what value to a company can a collective bargaining agreement be if it does not assure continuance of production during its life, provided its terms are lived up to? In addition to this complete contract revision, the publicized demands of an increase of 19½ cents an hour, a 40-hour week, two weeks' holidays with pay after five years' service, shift differentials of 5 and 10 cents an hour, and union security were presented. Between the first meeting and April 1 five meetings took place. The union refused to budge one iota from this schedule of demands which, for Hamilton works only would represent an increase in cost estimated at \$3,360,000 per year. In a union broadcast on January 22, the research director of the United Steelworkers of America made the statement that acceptance of the union demands by the company would only involve \$481,000 a year. Little progress was made toward composing the divergent views concerning other features of the contract they submitted. A commissioner was appointed as a result of an application by the union and since he found it impossible to obtain any concessions in their demands from the union, he recommended to the minister that a board of conciliation be established. Notice that this board would hold its first meeting April 8 under the chairmanship of Judge Miller was received April 2. During this and subsequent hearings, however, the union still adhered rigidly to its publicized and excessive demands. Early in May a strike vote among union members only was taken at Hamilton works in which the union alleges 3,114 voted in favour of a strike. It is worth while emphasizing that this strike vote was taken while the board of conciliation was sitting as it indicates the determination of the union to enforce its entire series of demands rather than bargain collectively on behalf of the men it represents in the true spirit of the term "bargain".

On June 12 the government announced the appointment of The Honourable Mr. Justice Roach, of the Supreme Court of Ontario, as a commissioner under order-in-council P.C. 4020. This announcement was met by the union with the threat that, unless a settlement of their wages and hour proposals was made

by a deadline, a strike would take place. The deadline was subsequently set at July 12.

Prior to the appointment of Mr. Justice Roach, the Company had made a counter-offer of $5\frac{1}{2}$ cents an hour and two weeks' vacation with pay to employees with ten years of service and more which, for Hamilton works, would represent several hundred thousand dollars additional cost a year. This was scoffed at by the union as not worth consideration. Subsequently, during the proceedings before the commissioner, this offer was increased to 10 cents an hour accompanied by two weeks' vacation with pay to employees with five years of service and more. This was also ridiculed by the union as being niggardly. The only counter-proposal advanced by the union was one that their demand be met in large part immediately and in its entirety within two or three months. On July 8 and 10, notices were posted throughout the plant advising employees of these offers. Copies of both notices are attached as Exhibits A and B.

Exhibit A reads as follows:—

THE STEEL COMPANY OF CANADA LIMITED

HAMILTON AND ONTARIO WORKS

NOTICE TO EMPLOYEES

During the proceedings before the Hon. Mr. Justice Roach, acting as a commission under the Industrial Disputes Investigation Act in the Wage Dispute between The Steel Company of Canada Limited and Local 1005 United Steel Workers of America (CIO), this afternoon the Company offered a general increase of 10 cents an hour to all payroll employees at Hamilton and Ontario Works in the City of Hamilton.

This offer would result in minimum weekly earnings for a 48-hour week of \$35.76 compared with the Union's demands for \$33.60 for a 40-hour week. The offer represents a total increase of 60 per cent since the outbreak of war in the minimum or starting rate which applies to less than 10 per cent of the employees of these two plants. The Company's offer would increase yearly earnings of each employee working full time at 48 hours per week, by approximately \$240. The Union's demands, on the other hand, including the reduction to a 40-hour week, would result in a much smaller increase in the weekly earnings of 80 per cent of the employees, and, in the case of the remaining 20 per cent, comprising the most skilled, the result of the reduced hours demanded by the Union would be an actual decrease in weekly earnings.

Typical examples are given as follows. This is the minimum hourly rate.

Present Rate: $64\frac{1}{2}c$ x 48 hours equals \$30 96 per week.
 Union Demand: $64\frac{1}{2}c$ plus $19\frac{1}{2}c$ x 40 hours equals \$33 60 per week.
 Company Offer: $64\frac{1}{2}c$ plus 10c x 48 hours equals \$35 76 per week.

Present Rate: 75c x 48 hours equals \$36 00 per week.
 Union Demand: 75c plus $19\frac{1}{2}c$ x 40 hours equals \$37 80 per week.
 Company Offer: 75c plus 10c x 48 hours equals \$40 80 per week.

Present Rate: 85c x 48 hours equals \$40 80 per week.
 Union Demand: 85c plus $19\frac{1}{2}c$ x 40 hours equals \$41 80 per week.
 Company Offer: 85c plus 10c x 48 hours equals \$45 60 per week.

Present Rate: 95c x 48 hours equals \$45 60 per week.
 Union Demand: 95c plus $19\frac{1}{2}c$ x 40 hours equals \$45 80 per week.
 Company Offer: 95c plus 10c x 48 hours equals \$50 40 per week.

Present Rate: \$1 10 x 48 hours equals \$52 80 per week.
 Union Demand: \$1 10 plus $19\frac{1}{2}c$ x 40 hours equals \$51 80 per week.
 Company Offer: \$1 10 plus 10c x 48 hours equals \$57 60 per week.

Present Rate: \$1 25 x 48 hours equals \$60 00 per week.
 Union Demand: \$1 25 plus $19\frac{1}{2}c$ x 40 hours equals \$57 80 per week.
 Company Offer: \$1 25 plus 10c x 48 hours equals \$64 80 per week.

If I may interject in explanation you will notice that the present rate of 95 cents an hour is just about the break even point. Above that a 40-hour week and a 19½ cent increase in the hourly rate would result in less money taken home per week as shown by these typical figures I have read.

The increase of 10 cents an hour to all employees would result in average hourly earnings for all employees at Hamilton and Ontario Works, of approximately 97 cents an hour or \$46.56 per week of 48 hours.

Contingent upon acceptance of this wage offer, the Company also stated its willingness to grant two weeks' vacation with pay to all employees with five years or more of service.

If a strike is avoided the proposed wage advance would be effective commencing July 1.

The offer represents an increase of approximately \$1,250,000 per year in the payrolls at Hamilton and Ontario Works—now approximately \$900,000 a month.

THE STEEL COMPANY OF CANADA, LIMITED

HAMILTON AND ONTARIO WORKS

NOTICE TO EMPLOYEES

Supplementing its wage and vacation offer described in the notice posted yesterday, the Company has offered, through Commissioner, The Honourable Mr. Justice Roach, to extend to employees with twenty-five years or more of service either three weeks' vacation with pay or, if because of business or other conditions at times, this is impossible without interfering with the operation of the plant, two weeks' vacation with pay plus one week's extra pay at the commencement of each qualified employee's vacation.

R. A. GILLIES,
Works Manager.

July 10, 1946.

On July 10, I telegraphed the Minister of Labour as follows:—

This Company has made wage and vacation offers to its Hamilton and Ontario Works' employees which are eminently fair under the circumstances existing and which will result in average hourly earnings of ninety seven cents per hour an increase of thirty cents per hour or 45 per cent since September, 1939. In case of minimum wage employees of whom there are less than ten per cent corresponding increase in hourly earnings would be sixty per cent. The offer includes two weeks vacation with pay after five years' service and three weeks vacation with pay after twenty-five years. This offer has been communicated to employees by notices posted throughout the plant yesterday morning. According to reports reaching me many employees both Union and non-Union of which latter group there are many are most anxious to avoid a strike and consider the offers made acceptable. Under conditions existing they have no opportunity to express an opinion on this matter so vital to them. I urge as strongly as I can that you arrange at once for a secret ballot of all employees affected as to whether they will accept the offer made. This ballot should follow the method used in voting for certification under the Ontario Labour Court with scrutineers representing both Union and Company and under the supervision of officers of your department or the Ontario Department of Labour. If United Steelworkers of America mean all they say about democratic collective bargaining they will accept this fair proposal without delay.

According to press reports, the Union protested very emphatically against this eminently fair offer to have a supervised secret ballot conducted on a matter so vital to every employee as the question of whether an offer should be accepted or a strike be declared. I do not recall that this protest was supported by any reasons. I believe that, if a vote could be taken to-day among all employees inside the plant and outside the plant, the result would be overwhelmingly in favour of acceptance of the Company's offer and a return to work.

The charge has been made repeatedly that the Company has been hampering collective bargaining on the subject of wages or stalling with intent. Prior to the advance in steel prices made effective April 1st, concerning which I will comment later, the Company's position was that it could not consider any further advance in wages which had already increased approximately 35 per cent during the war and still maintain prices at the levels established in 1939 and earlier. Immediately after the announcement of this price increase on April 2, the Union wrote us offering to negotiate on the subject of wages and hours in view of the altered circumstances. On April 4 we replied, stating that we were prepared to discuss these matters with them at any mutually convenient time. Notwithstanding this, we heard absolutely nothing from the Union for approximately three weeks. By that time, the Conciliation Board, under Judge Miller, had reached the conclusion that it would be impossible for them to reach any settlement between the parties until the question of wages had been settled and he strongly urged the Union to reopen negotiations in an attempt to reach a mutually satisfactory figure which could be submitted to the Regional War Labour Board in a joint application. As a result of this pressure from the Chairman, a meeting took place April 30 or twenty-six days following our letter stating that we were prepared to negotiate on this important matter. I ask you very bluntly whether this indicates an anxiety on the part of the Union to attempt to reach any agreement. In all my experience any time an employer has evidenced willingness to discuss an increase in wages, there has been no similar delay on the part of employees or their representatives. It is apparent from the course followed by the Union which has been briefly sketched—

(a) That, when the strike took place, it was over three and a half months since the Company advised the Union in writing that it was prepared to attempt to negotiate a mutually-satisfactory wage increase subject to existing laws.

(b) During that time the Union made no serious attempt to fulfill the responsibility toward the employees of Hamilton Works which it assumed when it applied for and received certification as their bargaining agent. It has remained adamant in its attitude of you give us *everything* we demand or else. On the other hand the Company has offered to meet the wage demand of the Union slightly more than half way and conceded their demand regarding holidays.

(c) The unyielding attitude of the Union that their demands must be met in full or they will tie up large sections of Canadian industry regardless of the effect upon the public is not collective bargaining and is contrary to the spirit and intent of the Canadian labour laws, which safeguard the rights of labour to organize and bargain collectively.

In so far as the advance in prices permitted by the Wartime Prices and Trade Board after lengthy investigation by them is concerned, this action on their part was absolutely essential if the steel industry in Canada was to function on a commercial basis and be in a position to fulfil its responsibilities to the country. It was long overdue and was not made until after similar action had been taken in Great Britain, Australia and the United States. The situation which prevailed with regard to steel prices during the war differed from that applying to many other industries in that, on September 12, 1939—only a few days after the declaration of war—Mr. R. C. Vaughan, in his capacity as chairman of the Defence Purchasing Board, requested the major Canadian steel producers to maintain prices at the levels existing at that time. The three

steel companies involved in the present strike gave willing consent immediately for all realized, even at that stage of the war, the extreme importance of avoiding inflationary influence. In February, 1942, the Steel Controller gave permission to increase certain prices which was taken advantage of to a limited extent only by our Company. As a result most of the prices being charged by us April 1, 1946 were established under conditions existing in 1939 and earlier. Between the outbreak of war and the Fall of 1941 when the Wartime Prices and Trade Board froze prices, the cost of practically everything we required to buy increased substantially and, furthermore, after price ceilings were established, increases in costs of materials and supplies continued in the case of purchases beyond the control of the Wartime Prices and Trade Board and, in some instances, price advances were granted to our suppliers by the Board as well. We estimate that, for the Company as a whole, the present effect of increases in wages and salaries made since September, 1939, comes to approximately \$3,800,000 per year based on the present number of employees. Increases in the delivered cost of coal, iron ore, scrap, fuel oil, and other materials and supplies brought the total increase in the annual cost of production to well over twice the effect of the price advances allowed at the time they were granted April 1st. Since that time the price of coal has advanced 40 to 50 cents a ton at the mine as the result of the wage advances which terminated the coal strike, the price of iron ore has increased by 50 cents a ton, and a temporary increase in freight rates has been granted the railways in the United States with the prospect that, following hearings either taking place or pending, there will be a general advance in freight rates of at least 10 per cent and possibly 15 per cent. Mr. Vaughan, the president of the Canadian National Railways, testified not long ago that declining traffic would require higher freight rates in Canada to meet increases in operating cost which have occurred during the war.

I might say that freight is an extremely important item of cost. Our annual freight bill would be approximately \$15,000,000; so \$6,000,000 would be, roughly, the increase to our customers.

It will be realized from this brief recital that price advances allowed fall far short of matching cost increases which have occurred and which are in prospect.

With respect to the demands made by the Union, our views are as follows:—

Wages.—As is well known, the union demand is for an increase of 19½ cents an hour. The wages paid by the company are good wages based on any comparative Canadian figures. Our present average hourly earnings for all payroll employees are approximately 87 cents an hour. In comparison, the Dominion Bureau of Statistics gives an average of 72½ cents an hour for manufacturing in the city of Hamilton. The Union, by its repetition of the figure of \$33.60 a week, has attempted to create the impression that a large number of our employees receive weekly wages less than this amount—in fact, in a booklet they have prepared and distributed widely, a statement is made which would lead the public to believe that there are relatively few skilled employees in the steel industry. Nothing could be farther from the truth. At Hamilton Works, this figure of \$33.60 should be related to unskilled labour from whose ranks men are promoted to more skilled and better-paid jobs as there are openings and as they gain the necessary experience and knowledge for these better jobs. Substantially less than 10 per cent of all Hamilton Works' employees are in this minimum classification and, even at that, our present minimum weekly wage of \$30.98 is only a few cents below the average weekly wage of \$31.39 a week paid in all manufacturing in Hamilton, according to government statistics. Under the company's offer as set forth in Exhibit A, the minimum weekly wage would be \$35.76.

Since the outbreak of war, our basic or minimum hourly rate has increased by 39 per cent, if the union's demand were granted in full, it would result in an increase of 80 per cent above the pre-war figure. The company's offer of 10 cents an hour would result in an increase of 60 per cent during the same time. When this offer is compared with a rise in the cost of living index of approximately 22 per cent, surely it cannot be claimed that it does not keep pace with this index even after ample allowance for the union's claim that the government index is not truly representative of conditions, for which claim there is probably justification. The company's offer of 10 cents an hour across the board would mean an increase in annual take-home pay for every full-time employee of approximately \$240. Again quoting from the Dominion Bureau of Statistics, average hourly wages paid in manufacturing in Ontario for the month of April were 71.1 cents an hour compared with Hamilton Works' average for the same month, 87.2 cents an hour. On a weekly basis, the average earnings of all employed in manufacturing in Ontario were \$33.41 compared with our weekly average earnings of \$38.32 during April.

If organized labour in industry is going to force costs of production to such a point that the 75 per cent of our people earning their livelihood in other ways cannot buy the products of manufacturers, the net result can only be diminishing employment. Nothing could be more inconsistent than the condition reported in the United States where, on the one hand, costs and prices are being forced upward by heavy wage increases and, at the same time, certain unions are advocating buyers' strikes which will reduce production and cause unemployment. The importance of hourly wage rates paid is entirely secondary to the amount earned annually by steady work. Labour must realize that it can price itself out of a market and that the best wages are not necessarily the highest wages but the wages which will result in maximum continuous employment.

Finally, it should be understood that although the effects of the general business cycle are felt by the steel industry, it is not subject to seasonal fluctuations like many industries but operates continuously throughout the year.

Hours of work.—The union requests a reduction to forty hours per week as the standard work week in place of the present standard of forty-eight hours. Among the reasons given are fatigue. In this connection it should be pointed out that they are not requesting a reduction in the hours worked per day but one less working day per week. It should be emphasized that the combination of a reduction to forty hours work per week and a 19½c. per hour increase as demanded by the union would result in an actual decrease in weekly pay to approximately 20 per cent of our employees who are the most highly skilled and experienced in the organization. A reference to Mr. Gillies' notice, Exhibit A, will make this clear. There are many other serious objections to a forty-hour week in the steel industry. The equipment necessary to produce steel products in qualities which are competitive and, at the same time, do it economically is extremely expensive. As an example, the hot strip mill recently completed by the company has cost practically ten million dollars. Unless such expensive machinery is kept operating, capital charges become excessive. What the country needs more than anything else at the present time is more production rather than less. This is being recognized by most labour leaders at the present time. President Green of the American Federation of Labour is quoted as having said recently: "Wage earners can best stabilize their wage dollars by helping to increase volume of production". His advice to his members is to turn out all the goods they can to help flood the market with products and, thus, through the force of competition, to bring down prices to-day. It is also important to consider that only approximately 25 per cent of the population of Canada gain their livelihood from manufacturing. Very few of the remainder could, even if they tried, improve their standard of living by working fewer hours.

In the steel industry it is necessary that many departments be operated twenty-four hours a day seven days a week because of their nature. The forty-eight hour week is maintained by providing relief men who are scheduled in such a way that no man regularly works more than six shifts of eight hours per shift per week. In addition, wherever work is continuously of a hot heavy nature, spell hands are provided so that in some cases men actually work only half the time for which they are paid and others a somewhat greater proportion.

Vacations with Pay.—Since the company has already offered to meet the union's demand in this regard, no comment is required. It might be stated in passing, however, that two weeks' vacation with pay is the equivalent of approximately a 4 per cent increase in pay as far as cost to the Company is concerned if the places of those on vacation are filled by substitutes to maintain production.

Shift differentials: The union has demanded that, in addition to the 19½ cents an hour demand, a 5 cent premium be paid for the shift from 3 o'clock until 11 o'clock at night making an increase of 24½ cents an hour for such work and that a premium of 10c. an hour be paid for work on the shift from 11 o'clock at night until 7 o'clock in the morning, making an increase of 29½ cents an hour.

You have to stop and scratch your head when you think that when I started the total wage was 29½ cents per hour.

This demand would simply superimpose a substantial additional wage advance on top of wages which are already high in favour of certain employees only. The men who work shifts rotate and usually complete a cycle of working on all three shifts every three weeks. Altogether aside from the excessive amount of these increases which, for shift men,, would average an additional 5c. an hour, the idea is wrong in principle as our more skilled employees look forward to securing an all-day turn job. Under the shift differential system, such all-day turn employees would receive lower rates of pay than many of their fellow-workers with less experience or ability. There would also be inevitable dissatisfaction because those working shifts would receive a greater increase in pay than those not working shifts. We are informed that, in the steel industry in the United States where this idea has been made effective, it has not met with universal favour and, in fact, at one large company, it has been discontinued after unsatisfactory experience with it.

Union security.—We are emphatically opposed to any form of so-called union security insofar as our plant is concerned. The union argues that union security makes for improved employer-employee relations. This contention has not been borne out by the experience of steel companies which have dealt with the United Steelworkers of America and conceded this demand. As a matter of fact, these companies have had the reverse experience. As an example, the United States Steel Corporation, which was the first large steel company to sign a union agreement with the United Steelworkers of America, including exclusive bargaining rights and the check-off, experienced 611 strikes at its various plants between December, 1941, and December, 1945. In January of this year, as you probably know, there was a general strike in the steel industry in the United States in breach of the contracts between the United Steelworkers and the various companies. We maintain our right to hire and retain in our employ any law-abiding resident of Canada who performs his duties satisfactorily. We do not admit the principle that a man should be taxed to secure and hold a job unless he himself so elects. We have a very large number of employees who are not union members. The sentiment of many of them may accurately be described as strongly opposed to the United Steelworkers and their policies. We believe that a Union will be supported to the extent that it merits support; that, if it merits support, there would be no reluctance to pay Union dues, and the check-off would be unnecessary. We believe our employees should not be obligated to

support any union or organization, but should be free to do so if and when they so desire. The fact that other companies producing basic steel in Canada had granted measures of union security to the United Steelworkers did not prevent strikes during wartime and union security has not prevented numerous work stoppages in other industries.

National Recognition.—This was not included in the original list of demands, but has been given prominence recently. There is no sound reason for such a policy. The three primary Canadian producers are widely separated geographically; the products produced by them differ considerably; raw materials, which have an important effect on the cost of steel production, differ in quality and in cost of assembly; availability to points of consumption and cost of delivery to such points also vary; equipment in use differs in efficiency as well. Without the slightest desire to make comparisons which might be construed as unfavourable to the other two companies, it is nevertheless a fact that the employees of our company enjoy advantages, already enumerated, not available to the employees of the other two companies. Furthermore, our company has a history, also previously stated, of consistently paying higher wages than they do. It is our firm conviction that the destiny of our employees has nothing to gain by being linked with the employees of the other two companies involved in this present steel strike. If the Union can show that the employees of The Steel Company of Canada would gain anything from a national standard putting them on the same basis as the employees of Algoma and Dosco, I challenge them to do so.

General.—We take great pride in the development of our company and the contribution it has made to employment in Canada. Ever since it was formed, a substantial proportion of its earnings have been ploughed back into plant, either to increase production and employment or to take advantage of improved methods and machinery as they have become available. We believe firmly that industry has a three-fold responsibility:—to pay the best wages it can to its employees; to provide a fair return to its owners, the shareholders; and to give constantly improving products to its customers at the lowest possible prices consistent with the first two responsibilities. The company believes most sincerely that, as its prosperity enables it to do so, it should share its good fortunes with its employees. It believes that, as productivity can be increased, better wages can and should be paid. Its whole history demonstrates its adherence to such policies. It does not believe, however, that excessive demands should be exacted by such shot-gun methods as the present strike.

That this policy followed consistently has produced favourable results will be apparent from the fact that, in 1910, the company produced ten per cent of the country's steel production, while, in 1945, the proportion was over forty per cent of a greatly increased total Canadian tonnage. At the same time, money wages and real wages have increased steadily, hours of work have been reduced and working conditions have been improved. The following figures on employment and payrolls at Hamilton Works may be of interest to the committee:—

1st Quarter	Actual Number on Payroll	Per cent of 1939	Total Wages	Per cent of 1939
1939	2,831	100.0	\$ 970,890	100.0
1945	4,798	169.5	2,414,589	248.7
1946	4,932	174.2	2,438,736	251.2

You will observe with interest, I am sure, that the number on our payroll and total wages paid were both slightly higher the first quarter of this year than last year when war was still raging.

We must bear in mind this fundamental difference between conditions in Canada and the United States, namely, that whereas they depend upon exports to dispose of only about ten per cent of their national production, we, on the other hand, must dispose of approximately thirty-five per cent of our output

abroad. We must, if we are to achieve the maximum employment possible, which is the objective of all, maintain our costs and prices at levels which will permit our surplusses, largely agricultural and natural in character, to compete in the markets of the world. We must maintain a balance in the purchasing power of all classes of our people which will bring about the maximum production and exchange of goods among us all. It is not the dollars and cents we earn that count, but what they will buy, and the only continuing source of wages is the prices charged for the goods produced in return for wages.

The history of what took place in the U.S. in 1920 and 1921 should not be forgotten. As many of you will recall, wages soared rapidly, but prices and the cost of living outstripped wage rates in the race. Then came the collapse. People could not or would not buy. Unemployment and distress followed. We should bend every effort to avoid a repetition now. We would be utterly stupid if we do not avoid repetition of the mistakes made then.

A copy of a message to its employees recently distributed among them by the company is available to each member of the committee and I hope you will all read it carefully as it will give you additional information regarding the company and its policies.

Conclusion.—The situation prevailing in Hamilton to-day beggars description. During the past week, we have witnessed the spectacle of the electrical workers picketing the Royal Connaught Hotel because the Westinghouse Company is carrying on some of its business in the building instead of in its main office at the plant, while, at the same time, mob picketing is keeping employees out of our office and compelling us to do business in the Connaught Hotel. There are over two thousand men obeying the law of the country in the plant, and as a result of the same mob picketing, they are being compelled to forego their normal home life by others who are in open defiance of not one but several laws. Intimidation of the wives and families of the employees in the plant is rampant. Charges of this have been laid and there have already been two convictions in Police Court. Their homes are being defaced, and, as an example, I am filing a photograph with the secretary of your committee which you might like to look at first. On July 19, the union issued a statement to the press that the company is hiring hoodlums to terrify the wives of loyal employees and thus smear the union. This is an outright falsehood. Representatives of both the Catholic and Protestant faiths made application to the union for permission to enter the plant to conduct services yesterday, but were met with a refusal. Stories are being circulated that men are being detained in the plant by coercion and intimidation which is utterly false. On the contrary, employees are managing to make their way in every night without assistance from the company. I can assure you that these men resent bitterly the failure of the government to support them after they made their decision to do what they are doing and remain within the law. If that large number made the decision they did, there are unquestionably hundreds of others who would come to work if not afraid of actual violence. There have been definite cases in which employees trying to get into the plant under cover of darkness have been beaten up. We have a lengthy list of employees who have telephoned telling us that they are anxious to join their fellow-steelworkers inside the plant, if we will advise them how to get into the plant. I firmly believe, notwithstanding the strike vote taken among union members in May, and notwithstanding the number not working, that the vast majority of our employees would be working to-day if it were permitted. Anyone conversant with modern industry, including union officials themselves, knows that a relatively few determined men, not averse to violence, can successfully close a plant. It is also a well-known fact that once the picket line is established, it is soon reinforced by outsiders not concerned in the dispute, but looking for trouble. I believe this is the first opportunity men have had to show their wishes and continue working in a major C.I.O. strike and the results speak for themselves. In the C.I.O. strikes which have taken place in Canada,

I am sure literally thousands of men who did not want to strike and who wanted to work have been forcefully restrained from doing so by the type of picketing just referred to.

I am sure the sentiment of right-thinking Canadians will be that the Government is derelict in its duty unless it requires that the union obey the laws of the country—Municipal, Federal and Provincial—that it permit us to conduct our business under these Canadian laws, that it allow us to produce steel to serve the needs of the country, and that it enable our men, who want to work, to go to and from their work free from molestation of any kind and strictly in accordance with the laws governing picketing in Canada.

Gentlemen, that concludes the formal presentation we have prepared. Before sitting down, if I may I would like to supplement it with a few words. As I have said, we have a situation in Hamilton which I think is extremely serious and which has a good many implications. I think you gentlemen should attend to look over it at first hand. We have over 2,000 high-grade, responsible citizens being deprived of their civil liberties there. It is apparent that they do not want to have any part in this strike. Why they are not in sympathy with the union, I do not know. There is the fact. I think those men should have an opportunity of presenting their views to you so you can see the other side of the question.

You may suggest that a select committee should come here and talk to you, but I respectfully submit that this is not at all adequate to the situation. If they came down here a charge would be laid against them. I urge that you seriously consider, as a standing committee, coming to Hamilton and talking to those men. We, as a company have nothing to be afraid of. If the pickets won't let you in, we will get you in. You can see anything you like and talk to anyone you like. I hope you will do it. I am sure the government has transport planes available, and I am sure the visit would be a very interesting and illuminating experience for you.

By Mr. Robinette:

Q. There will be some questions which the members will want to ask you, undoubtedly. I might just indicate one or two questions. I notice that during the negotiations the Steel Company offered ten cents an hour increase and that offer still stands, I presume?—A. Yes, that offer still stands.

Q. It would appear so far that the main issue in dispute is the question of wages, and in making an offer of ten cents, undoubtedly you had some reason in mind for setting ten cents. Can you help the committee in any way by stating why you suggested ten cents an hour; why you feel that is adequate and what the reasons behind your offer were?—A. I felt that is as far as we can go in view of the cost increase. We might have offered another nickel, but we cannot do it now. We estimate what we are going to take in the rest of the year.

Q. In other words, as I understand your answer, your offer of ten cents is based, primarily, on the ability of your company to pay the ten cents an hour increase?—A. I did not go into any question of ability to pay. I say, on the particular estimate of our year's business, I felt that was as far as we could possibly go and carry on our business.

Q. With the existing price control limit on steel?—A. Yes, and coupled with the hope that the present volume would continue. If our volume dropped off in a week, we would be sunk. We could not carry on.

Q. I presume that during the negotiations, the union declined the 10 cents an hour increase?—A. That is what I understand.

Q. They suggested 15 cents an hour?—A. I was not in on those negotiations, but the report to me was that it was 8 cents an hour until three or four months, and then 7½ cents, which made up 15½ cents, coupled with a forty-hour week. Our people calculated that that would be a 19½ cents raise.

Q. Have you considered the possibility of going over 10 cents an hour increase?—A. Not unless we get more money.

Q. You say that with the present price structure, it is impossible for your company to pay more?—A. The company has very definite responsibilities to its shareholders, and it has a responsibility to make enough money for depreciation.

Q. This committee has a very important task imposed upon it, and I am sure that many members will want to look at your figures in the form of a balance sheet. Can you make that balance sheet available for us?—A. The balance sheet is in a simplified form in the message to employees, a copy of which everyone in this committee has.

Q. There has been some suggestion, during the course of the discussions before the committee, that when the increase of \$5.00 a ton in the price of steel was approved, there was some understanding that a part of that was to include increased labour costs. Can you help the committee by saying on what your understanding of the situation was based as far as the working men getting some part of the increased price of steel was concerned?—A. I can say this to you that when the increase was granted April 1 of this year, the character of our business had changed since the end of the war. Our manufacturing profits were declining very rapidly. We went to the Wartime Prices and Trade Board and gave them endless information of our situation, and we told them that that was the condition, that the cost of steel would have to be increased and probably included in there, there would be something for labour—we did not know how much—and that unless we got more money, we would not be able to cope with those things.

By Mr. Croll:

Q. Have you a copy of this submission to the Wartime Prices and Trade Board?—A. I haven't one here.

Q. Is it available?—A. It is confidential information.

Q. You see it is important, Mr. Hilton. A controversy hangs on that particular point, to some extent, and Mr. Millard has made some statements and you have made some statements which seem to contradict one another. I think this committee is interested in obtaining that submission.—A. Would this answer your question? Last year we worked approximately 22,000,000 hours in our company. The union demanded roughly 20 cents an hour. That would be \$4,000,000. The net increase would be about \$5,000,000 for our company. I said in my statement there that wages advanced since the outbreak of the war and already came to \$8,300,000, I think was the figure.

Q. But the union yesterday said it would be approximately \$2,500,000. I asked them that question.—A. I can explain that; \$2,500,000 would apply to the Hamilton works.

By Mr. Maybank:

Q. Where would the other part apply?—A. We cannot jack wages up 10 or 15 cents at one plant and then tell the other plants "nothing for you".

Q. What other plants?—A. We have a plant in Brantford, we have one in Toronto, we have one in Gananoque and three in Montreal.

By Mr. Smith:

Q. May I ask the witness this question which I do not think will be confidential. In the representations which you made to the Wartime Prices and Trade Board when you received the \$5 per ton increase in price, was the share of that owing to the increased cost of labour indicated?—A. There was a guess at it.

Q. Will you tell us what it was?—A. I think it was approximately \$2,500,000.

Q. Now I have to get my pencil out to find out what that means.—A. For 22,000,000 hours it is about 11 cents an hour.

By Mr. Croll:

Q. How much?—A. About 11 cent. But bear in mind we also cannot increase wage earners without increasing salaried people too.

Mr. HOMUTH: Mr. Chairman, may I suggest that Mr. Croll and the witness do not carry on a conversation there, but that they talk this way so that we can hear them.

Mr. CROLL: I would not want to leave you out, Mr. Homuth.

By Mr. Robinette:

Q. Mr. Hilton, your position, as I understand it, is that it is impossible for your company to pay more than 10 cents an hour unless the basic price of steel is raised. Is that right?—A. And still maintain our earnings and financial position in the condition it should be kept in.

By Mr. Smith:

Q. What is the total tonnage estimated at?—A. About 1,000,000 tons a year or a little over. Last year we made 1,080,000 tons.

By Mr. Robinette:

Q. We will come back to the question of wages after we have had an opportunity to study this. But there seems to be another issue as to the hours of work. The union's position is that it should be a 40-hour week. The company's position was that it should be a 48-hour week and the union has indicated that it would be willing to accept a gradual reduction in the hours of work aiming next October, I believe, at a 44-hour week. What do you say as to the feasibility of that and the desirability of it?—A. I cannot say what conditions will be next October or next year.

Q. What do you say about the 48-hour week? Do you say that is absolutely necessary in the plant?—A. I would not say it is absolutely necessary. You can do almost anything if you want to. But I say that the 48-hour week is a desirable length of time to work in a continuous operation such as we have. Furthermore, it seems highly inconsistent to me to talk on the one hand about the need for more money to improve the standard of living and at the same time talk about working 8 hours less a week. I would be glad to settle for a 48-hour week.

By Mr. MacInnis:

Q. May I ask a question there, Mr. Chairman? Do you not think that the matter of the number of hours a person has to work enters into the standard of living? A person, say, who would have to work as we did, 60 hours a week, would not have very much time for living after he had worked that long. If a person is working 40 hours per week, even if his weekly wage is not so high, he will really have a better standard of living. Is that not reasonable?—A. He might enjoy it. I do not know what his wife would think about the thinner pay check.

Mr. MACINNIS: Surely his wife would like to have a little of his company and for him to act as if he was alive when he was home, would she not? My wife is that way.

By Mr. Robinette:

Q. Another point has come out here. It has been indicated that your company, the Algoma Company and Dosco have declined, as one member of the committee says, to put their feet under the table along with the union people. Why cannot that be done? Why cannot you sit down and let us watch you settle this strike? Why cannot that be done?—A. Because there is nothing in common between the three companies. They have got their business to run. I have got mine to run.

Q. You mean geographically there is nothing in common or beyond standard materials?—A. The materials are different, the products are different, the financial position is different.

Mr. MAYBANK: A little louder, please.

Mr. MACINNIS: If there is nothing in common—

The CHAIRMAN: Order, please. Let the witness finish.

Mr. MACINNIS: I am sorry.

By Mr. Robinette:

Q. Would you repeat that? It is difficult to hear at the back of the room. In Hamilton you say— —A. I will accept one correction, I said there was nothing in common. It is true that all three companies are in the steel business, but that is where it ends. We use different raw materials. Our location is different. We are making different products. Our local situations are different. Our financial positions are different. And as I just said in the statement I read, if anybody can show me where my employees have got anything to gain by going in on the same deal that the other people are in, I would like to have it proved.

By Mr. MacInnis:

Q. The question I was going to ask is this. In the negotiations for the price increase in steel, did the three companies negotiate with the Wartime Prices and Trade Board together?—A. No, sir.

Q. But the three companies got the same increase in the basic price?—A. That is a fact. They got the same unit price that they could charge if they so desired.

Q. From that point of view it could be assumed that the Wartime Prices and Trade Board considered that there was something in common between the companies?—A. Well, how the Wartime Prices and Trade Board arrived at their decision I cannot say.

Mr. SMITH: I should like to go through a series of questions at some convenient time, purely with a view to expanding and explaining this brief. As I say, I should like to do that at some convenient time.

Mr. ROBINETTE: Do it now. There is no time like the present.

By Mr. Smith:

Q. On page 2 of your brief, in the second paragraph, you say: "We find ourselves in the midst of a strike against the government", and so on.—A. Yes.

Q. And also: "The fact that the union will not permit coal to be unloaded at the Soo is an indication of its callous disregard of the public at large." Leaving out your comment there, is it a fact that the union will not permit coal to be unloaded at the Soo?—A. That is my understanding. They refused to unload coal boats there.

Q. Then you go on, "As a result of the coal strike in the United States and the seamen's strike in Canada, it will be impossible to bring in sufficient coal to supply the needs of central Canada next winter during the present season of

navigation." Are the seamen to-day refusing to deliver coal to your plant?—A. No. There was no such inference as that. As you know, the ships were tied up for a month not long ago, and we lost out on that.

Q. Let us get the seamen's union in the clear, if we can. There is no attempt of the seamen's union now to refuse to deliver coal to you?—A. That is correct. If I created that impression I apologize, because there was no intention to do so.

Q. I am not criticizing you. I am merely anxious that we should know what we are talking about.—A. The same here.

Q. Then down at the bottom of the page you say, "As a result of their determination to exercise their rights to work and to obey the law of Canada, these men are being forcibly deprived of every other civil liberty and right." I think you amplify that later. They are sleeping in the mill and eating in the mill?—A. That is right.

Q. That is what you mean by that?—A. That is right.

Q. And they are not allowed to leave that mill and go back freely or at all?—A. That is right.

Q. That is the situation as you see it?—A. Exactly.

Q. Turning to the next page, about line 6, you say, "Daily ingot production has been approximately 2,000 tons which is 65 per cent of normal maximum output and—which is most significant—about one-third above the maximum pre-war daily production." Why did you put that last statement in? What is the idea of that?—A. Simply to try to give you some idea of the magnitude of the actual production that is going on in that plant to-day.

Q. Quite aside from the fact that it is half a crew there that is working?—A. I beg your pardon?

Q. Quite aside from the fact that they are a short crew working there?—A. Yes.

Q. Steel production per man would have increased greatly from before the war until now?—A. Let me get you straight.

Q. What I mean is this. We will say you had 1,000 men before the war and that they produced 100 tons apiece. That would be 100,000 tons. Since the war, how many tons normally would those men produce?—A. You must understand, sir, that we make all kinds of things from tacks to slabs that may weigh 10,000 pounds and the production per man per hour will fluctuate widely depending upon the average weight of the product you are turning out and the average amount of work per man.

Q. Let us leave the word "tons" out. Has there been increased efficiency in the production in our steel mills from before the war to the present time?—

A. There has been some benefit from the heavy load we have got on our plants, yes. If we did not have that heavy load, we would have been swamped long ago.

Q. But the fact is that there has been some increase and no doubt there has been an increase in the efficiency both by management and by men. There is no doubt about that?—A. Surely. We ought to learn as we go along.

Q. All right. Then down at the bottom of the page you say, at the fifth line from the bottom, "In the 36 years since this company was formed in 1910, it has never experienced a strike against Hamilton works as a whole until the present one and in the past 25 years has only experienced one departmental stoppage on account of strike action." What was that first one?—A. The Steel Company of Canada was formed in 1910 and, as I say, the Hamilton works has never been closed by strikes between that time and the present time.

Q. "And in the past 25 years it has only experienced one departmental stoppage". What department was that?—A. That was in the sheet mill.

Q. When was that?—A. Oh, I think it was along about 1936 or 1937.

Q. Was the mill unionized at that time?—A. In part.

Q. Was the sheet mill unionized?—A. In part.

Q. By whom?—A. I think that was the Amalgamated Association of Iron, Steel & Tin Workers at that time.

Q. Was it a company union?—A. No, the Amalgamated Association, the predecessor to the United Steel Workers.

Q. On page 3 about line 7 you say:—

We immediately applied to the Ontario Regional Labour Board for permission to restore the differentials worked out by these advances.

I want to know if I understand you correctly. Do you mean to say you already had a differential and that was wiped out?—A. No, I mean that consistently for some years before the war we paid 2, 3, 4 and 5 cents, varying at different times, more than the other two companies. When this second increase was made at Algoma that made their basic wage rate the same as ours.

Q. And then you reapplied, did you not, to set up the differential again?—A. Let me start again. The figures changed so often in that period on account of the cost of living bonus that I cannot recall them, but the general effect was that Sault was somewhat below us, and after the strike there was an adjustment which brought them somewhat above us. We applied then for our wage rates to be restored to a level which would put them the same amount above the Sault rates as prevailed before the strike. Then there was an application from the Sault which brought their rate up again. When that happened it immediately became apparent that if we applied and they applied after that where were we going to end, so we just had to stop.

Q. Did you by any chance see a cartoon in Saturday's paper about boys playing leapfrog, one called "Prices" and the other called "Wages"?—A. I have not had time to look at a newspaper for a couple of days.

Q. You say at the end of that paragraph:—

Our basic rate has, therefore, remained stationary since that time.

May one fairly infer that you are anxious to restore the old differential and pay a greater rate than the other two companies?—A. Yes, sir, just as long as we can, but if you are going to get into a condition where, for example, one company might be subsidized and another might not you have got to come to the end of that lane.

Q. I think you will have to look at somebody over there about things like that. I cannot help you.—A. But they are very practical things.

Q. Yes, and the fears are practical things, too, are they not, occasionally? Turning to page 5, speaking of your benefits, you say:—

This plan provides for those employees stricken by illness or non-industrialized accidents the following: \$10 per week disability benefit after the first seven days disability.

This may be your plan but I gather these are disabilities to which workmen's compensation is not applicable?—A. That is right.

Q. That is what it means?—A. Yes.

Q. Going down to the end of the second paragraph you state:—

The cost of this plan over and above employee contributions is borne by the company and it amounts to somewhat over half the total cost.

That means just what it says, your contributions are greater than 50 per cent to provide the benefits which you have listed above?—A. That is right, sir.

Q. Then you have \$25 at Christmas. I marked that, but I do not know why so we will pass that up. On page 6 at the bottom of the first paragraph you say this:—

This plan was inaugurated considerably in advance of the dominion government's legislation on the subject.

Can you tell us when that was?—A. When which was?

Q. That is your plan for employment of returned soldiers, and so on. I assume that is a written plan?—A. Oh definitely, yes. As I recall it it was about the last week in September.

Q. 19—A. Oh, 1939.

Q. Going down the column of figures you have at the bottom of that page and then turning to the column of items on the following page it would look to me as if steel is a rather healthy industry. Have you compared that with normal statistics for people of a similar age?—A. I did not hear what you said.

Q. For example, you have a table on page 7 showing the number of deaths from September 1, 1939 to February 15, 1946, 219. How does that compare with—A. Mortality rates are not in my line. I cannot tell you.

Q. Your efficient planners are not able to give us that comparison now?—A. I still do not hear you very well.

Q. I say your planners are not able to give us that comparison now. Your statistical people are not able to do so?—A. That is an insurance job. I think I can get it from the insurance company.

Q. Do not bother doing it at the moment, but it struck me as a rather good record; that was all.

Q. How many fatalities did you have with respect to these 219 deaths? How many were fatal accidents in the works?—A. I cannot answer that off-hand; I have a man here who might be able to do so if I asked him.

Q. There is no hurry; you can ask him about it and let us know later. Turning now to page 8, "the figures of the Industrial Accident Prevention Association show that, in the particular group in the province of Ontario which includes the Hamilton Works, compensation cases were 3.43 per hundred employees, while our record was 1.89"; having regard to that group you speak of, what industries were in that group?—A. Clause 7, of the Workmen's Compensation Act of Ontario, includes abrasive industries such as the Dominion Refineries, the Dominion Furnace Company, who are mostly working with steel, and abrasives like the Carborundum Companies.

Q. Turning to page 9, you say there in the middle of the page:—

The Union testified in the Ontario Labour Court in the autumn of 1943 that its membership in good standing was 259 out of approximately 4650 eligible employees.

Is there any record of that, that one might look at?—A. It must be on the record of the Ontario Labour Court.

Q. Do you know the name of the case?—A. No, but I can get it.

Q. Do you mind doing so?—A. No.

Q. Then you go on: "As recently as May 8 an official count of membership in good standing carried out under the supervision of an official of the Department of Labour showed 2,256 such members out of a total of 4,868 employees." Do you know how that count was conducted?—A. I cannot tell you about the mechanics of it, but I know that the Department of Labour sent a man down to act as supervisor.

Hon. Mr. MITCHELL: Yes, one of my men was sent down there; I think his name was Ainsborough. He assisted the clerk of the court in Hamilton.

The WITNESS: The Registrar.

By Mr. Smith:

Q. There will be a report which we can find somewhere; it did not report orally; you have a letter?

Hon. Mr. MITCHELL: I will get the report for you.

By Mr. Smith:

Q. Turning now to page 10, about line 6: "the Union insisted on deletion of a no-strike clause during the term of the contract in this new agreement"; would you amplify that a bit as to what that no-strike clause is; how does it usually read?—A. Our previous contract had a clause in it saying there would be no strike, work interruptions, or slow-down during the period of the agreement.

Q. And they have refused to have it in the agreement?—A. That is what my negotiators reported to me.

Q. Now, about two-thirds of the way down the page:—"In addition to this complete contract revision, the publicized demands of an increase of 19½ cents an hour, a 40-hour week, two weeks' holidays with pay after five years' service, shift differentials of 5 and 10 cents an hour, and union security were presented." All I want to ask you is about this differential. Just explain it?—A. Do you want me to do it now, sir?

Q. Yes.—A. That means that if a man earns 70 cents an hour on a day turn from 7 to 3, during the week when he works from 3 to 11, he gets 75 cents an hour for the same work; and during the next week when he works from 11 to 7, he would get 80 cents an hour for doing the same work.

Q. Do you alternate these shifts.—A. Yes, sir.

Q. What reason did they give you for receiving that differential?—A. You would have to ask them, sir. I do not know.

Q. You do not know. I might be on a day shift this week, but I would alternate regularly from one shift to the other?—A. That is right.

Q. And even though there were alterations in the time of work, they would still want that differential?—A. What is that?

Q. Even though there was a change in their time of hours, they still wanted the differential to be put in?—A. It is simply another pay increase, that is all.

Q. You do not know the reason advanced?—A. More money.

Q. You do not know; you can ask Mr. Millard later, but you do not know?—A. No.

Mr. MAYBANK: Has that been in existence long, that differential method?

By Mr. Smith:

Q. Do you know any other plant in Canada where there is that differential?—A. I believe the Ford Company have it.

Q. In Windsor?—A. Windsor.

Q. Do you know of any other?—A. There are some; I cannot think of the names at the moment.

Q. I am going to read this paragraph because I cannot remember why I have it marked. It is a very short one, at the bottom of page 11. "On June 12th the government announced the appointment of the honourable Mr. Justice Roach of the Supreme Court of Ontario as a Commissioner under order in council P.C. 4020. This announcement was met by the Union with the threat that, unless a settlement of their wages and hour proposals was made by a deadline, a strike would take place. The deadline was subsequently set at July 12th." You speak of a threat. To whom and by whom was that threat made?—A. Look at the papers; it was in the papers every day for a week.

Q. Was it an interview in the newspaper with some Union official?—A. It was given wide publicity; I think it would turn up in some of the hand bills passed out around the plant.

Q. I probably was not down there. It was probably something notorious about the plant?—A. It was well publicized.

Q. Now, turning to page 17, "Increases in the delivered cost of coal, iron ore, scrap, fuel oil, and other materials and supplies brought the total increase in the annual cost of production to well over twice the effect of the price advances allowed at the time they were granted April 1st." Now, in language that I can understand, do you mean by that that why they got \$5 a ton on April 1st was because it only took up one-half your increase of costs during the period?—A. That is right. If we took our whole cost sheet and applied the 1939 prices, and then compared that with the 1945 prices and the costs to the end of 1945, the difference between the cost of production of the amount of steel we are producing now, and in 1939 to the end of 1945, would be twice, roughly the amount of the price increase which was granted by the Wartime Prices and Trade Board.

Q. You have somebody here who could give us those figures?—A. I do not think that I should be called upon to spread our cost sheets in this committee.

Q. Probably that is right; but I am greatly bothered by the size of that, I may say. "Since that time the price of coal has advanced 40 to 50 cents a ton at the mine as the result of the wage advances which terminated the coal strike, the price of iron ore has increased by 50 cents a ton." What was the advance made in the cost of coal?—A. I do not know because we mine our own coal and the operation has not been shaken down yet so that we can find out.

Q. Where do you mine your own coal?—A. In Pennsylvania?

Q. What kind of coal do you use?—A. High volatile coal, coking coal.

Q. You say there will be a general increase a little further down of 10 and possibly 15 per cent. Have they already gone in?—A. Not to that exact amount; I cannot quote from memory exactly what the increases are; I think they are somewhere around 6 to 8 per cent.

Q. We presently have an application for wage increases for the running trades in this country.—A. I think so.

Q. Nothing has been determined yet?—A. I believe that is the case.

Q. Going on now to page 21, you spoke to President Green and you say: "What the country needs more than anything else at the present time is more production rather than less." I think most of us will agree with you. "This is being recognized by most labour leaders at the present time. President Green of the American Federation of Labour is quoted as having said recently—"Wage earners can best stabilize their wage dollars by helping to increase volume of production." Where does that come from?—A. I got it out of a news letter.

Q. Whose news letter?—A. The American Iron and Steel Industry's.

Q. What date?—A. About two weeks ago. I could not give you the exact date.

Q. It is a modern thing?—A. Yes, about two weeks ago.

Q. That is only a portion of that news letter?—A. Yes.

Hon. Mr. MITCHELL: It was made at the Maintenance of Way Convention in Detroit.

Mr. SMITH: Maintenance of what?

Hon. Mr. MITCHELL: —way Employees Convention at Detroit—Railway workers—the Maintenance of Way Convention at Detroit.

Mr. SMITH: I didn't get the last of it, sorry. I am sure that will be in your department and you will release it to me.

Hon. Mr. MITCHELL: I follow them pretty closely.

Mr. SMITH: Now I come to page 22, about shifts; coming to the bottom of that big paragraph on page 22:—

We are informed that in the steel industry in the United States where this idea has been made effective it has not met with universal favour and in fact in one large company it has been discontinued after unsatisfactory experience with it.

Q. What company is that?—A. Wierton Steel Company.

Q. How long ago did that happen?—A. At least within four or five months.

Q. Was it agreeable to the men on both sides? Then, on page 23 you say, "There would be no reluctance to pay union dues, and the check-off would be unnecessary". You do not object to voluntary check-off do you?—A. I do.

Q. Why?—A. Well, because of the experience we have had with this particular union.

Q. Surely check-off is nothing more than a man assigning his money to whom he wants to pay. That is all it is, isn't it?—A. I am not so sure that he always wants to.

Q. Well, but if he assigns something and he instructs you to do it, can you tell me any reason why you should not do it; I mean, let his conscience be his guide and not yours.—A. How far is that going to be carried? Are we going to pay all of his bills for him on assignment?

Q. I don't suppose you are because he wants some money in his pocket; but throughout the war period you took off various amounts for these men by way of compulsory savings, doctors and so on, and that has been going on for years?—A. In co-operation with the government, yes.

Q. In co-operation with the men?—A. And the government.

Q. And the government; frankly I can see no reason in the world why any corporation should object to check-off; it costs practically nothing, the stroke of a pen.

Mr. GIBSON: You are speaking of a revocable check-off, I presume?

Mr. SMITH: A voluntary revocable check-off, which is what someone mentioned in the House of Commons, I think it was Mr. Gillis.

By Mr. Smith:

Q. What objection could anybody possibly have?—A. One objection is this, in a letter that we have seen. We sign a contract for one year at a certain wage rate, the next year it is going to be more. If you concede a revocable check-off this year, next year it will be something more; and it all leads up to a closed shop, which I do not approve of either.

Q. Suppose that you owed me \$50?

Hon. Mr. MITCHELL: Just supposing.

By Mr. Smith:

Q. And I give you an assignment of that \$50 through Mr. Robinette, who is sitting there beside you, is there any reason why you should not— —A. If it was your personal bill you would not have to put any pressure on me, I would pay it right away.

Q. Perhaps I was going about it the wrong way, and if it were the other way around possibly it would not be the same. Just for convenience we will reverse it and suppose that I owed you \$50 and I haven't got it handy and I made an assignment to you out of my pay as a member—the only excuse that I would have that I couldn't pay it would be that I haven't got it—would it make any difference to you whether you got it from me, or whether you got it in the form of an assignment?—A. No. Not so long as you paid it.

Q. Then, turning to page 25, about the fifth line from the bottom, you say: "At the same time, money and real wages have increased steadily . . .". I suppose what you mean is that if I get \$50 a week to-day and I could buy \$50 worth of groceries with it, but if a year from now I get \$100 a week and I could still only buy groceries to the same amount with it, that that is what you mean by "real wages"?—A. Yes. May I go back, Mr. Smith. I might be able to help you about that increase of cost versus the price increase granted

by the Wartime Prices and Trade Board. You must bear in mind that we are turning out twice as much steel now as when the war broke out. We are making about the same net profit we made in 1939. We are making about half the profit, notwithstanding we have increased the size of our plant.

Q. I am not suggesting anything like that?—A. I am anxious that you should understand what I am trying to bring out.

Q. I suggest to you that the increased efficiency of the men must be responsible for the greater output?—A. Yes, that is correct. Wages have increased 35 per cent during that time.

Q. Looking at your own book, your employees pretty well stay with you? No doubt they become very efficient?—A. Yes.

By Mr. Robinette:

Q. Are all the employees on production paid on an hourly basis?—A. Some are on straight hourly pay and some part hourly pay and part tonnage pay and some one hundred per cent tonnage pay.

Q. Can we obtain a picture from you of the number of employees who are on straight pay, the number on part straight pay and tonnage and the number on a straight tonnage basis? Take the rollers in your plant?—A. They are salary plus tonnage except sheet metal mill which is straight tonnage.

Q. Referring to your calculations on page 19 where you give the average earnings, is that the average hourly rate or the average of production quota?—A. That is the dollars paid out at the hourly rate. It includes all classes of pay.

Q. You mentioned somewhere in your brief that you had a file with the handbills, and I believe we ought to have them here in case any member of the committee wanted to look at it.

By Mr. Case:

Q. There is one question I would like to follow up in connection with the increased production. Has your plant made substantial capital expenditure for improved machinery?—A. Yes, a very substantial increase.

By Mr. Gillis:

Q. I would judge from your statement that your relationship with the steel workers' union has not been very happy?—A. Yes.

Q. I would judge from your statement, also, that you feel that the American organization, the C.I.O. is not applicable to Canada and is responsible for the difficulties. Is that a correct assumption? On the top of page 4 of your brief, you say: "We do, however, protest against the policy of coercion and violation of the law which has prevailed since the C.I.O. started operations fostered by one-sided labour legislation in the United States. Fortunately, we do not have the same kind of labour laws in this country, but we are rapidly allowing the infiltration of U.S. methods and control to destroy the autonomy of the Canadian government in labour matters."—A. I can say that the type of picketing we have in Canada originated in the United States.

Q. You do not think that labour in Canada should be organized?—A. I think it should be subject to Section 501 of the Criminal Code.

Q. How much American capital is invested in the Steel Company of Canada?—A. An offhand guess would be less than five per cent.

Q. You do think it is all right to have international relations as between employers, but not between employees?—A. I did not say that, at all.

Q. That is the assumption I would take from your remarks. You make a very vigorous protest here against the C.I.O. in Canada, but it seems it is all right for your company to do business as between employers in Canada and

the United States?—A. If a few people in the United States think the Steel Company of Canada is a good investment, I do not think we can stop them.

Q. Is it not all right for Canadian workmen to join a union connected with the United States?—A. In the first place, our company is not interlocked with anybody in the United States.

Q. You told me that you had American capital invested in your company?—A. As a matter of fact, we have shareholders in England and we have shareholders in France. Anybody that wants to buy can do so. What I am trying to bring out is that the use of your term "interlocked" does not imply that we are hooked up with any company in the United States. In so far as workers in Canada and in the United States are concerned, there is nothing against that. We are a strictly autonomous Canadian company. In so far as the relations of workers in Canada, or association with workers in the United States is concerned, that is perfectly all right. There is nothing against that. But I do say that the kind of picketing which has gone on in the United States and which has been countenanced over there and which is now being done in Hamilton is in direct violation of section 501 of the Criminal Code. You know that, I presume; and that is the kind of thing that I object to being brought into Canada.

Q. I also know that the kind of picketing that is going on in Hamilton at the present time went on in industry in this country 25 and 30 years ago. So it is not anything that was developed recently in the United States. I am going to follow that up—

MR. SMITH: You are not going to claim we started it, are you? You are not going to claim that they got it from us?

By Mr. Gillis:

Q. The point that Mr. Smith was bringing out on page 1 was as to the present situation at the Hamilton plant. The observation or the accusation there is that what is going on in the Hamilton plant at the present time by way of picketing is illegal and is depriving the people inside of the plant of a lot of their civil rights and so forth. Do you not think also that the fact that you have people in that plant, who are sleeping in that plant and eating in that plant is also violating your own provincial laws, where they make provision that no one shall be in a plant or on the job more than 8 hours in any 24? I have here the section of your own Ontario Act that you are violating in that respect.

MR. HOMUTH: Does it say "in a plant"?

MR. GILLIS: Yes.

MR. HOMUTH: Does it say they shall not be in a plant more than 8 hours?

MR. GILLIS: I will read it to you. You have some women in the plant also. Employing women and young girls on property all night contrary to Factory, Shop and Office Buildings Act, R.S.O. 1937, chapter 194, section 29, which is as follows:—

Section 29—Hours of Employment:

Except as provided in sections 30 and 31 in a factory, shop, bakeshop or restaurant

- (a) no youth, young girl or woman shall be employed for more than 10 hours in one day, nor shall any such person be so employed for more than 60 hours in any one week;
- (b) the hours of labour for any such person in any one day shall not be earlier than 7 o'clock in the forenoon or later than half past 6 in the afternoon in a factory . . .

MR. HOMUTH: That is about employment.

Mr. GILLIS: That is all right. These people are employed. They are in that plant. They are in 24 hours. They are sleeping in there. They are eating in there. In my opinion they are contravening that particular section. The law goes on further:—

Subject to the provisions of this Act the working hours of an employee in any industrial undertaking shall not exceed 8 hours a day and 48 hours a week.

If you want to be technical about the thing and accuse the steel workers who are on strike of contravening the law and depriving those in the plant of their rights of citizenship, then I think myself that you fellows have committed the first infraction.

The WITNESS: Have committed what?

Mr. GILLIS: The first infraction of your own provincial statutes by keeping people in the plant under the conditions and circumstances that prevail there at Hamilton at the present time.

The WITNESS: You call off your pickets and let our people go in and out there and they will go out to-night; and they will go in and out to-morrow morning.

Mr. GILLIS: You send them home and get your feet under the table with the Steelworkers Union.

The CHAIRMAN: Order. It is 6 o'clock. We will adjourn until to-morrow at 11 o'clock.

The committee adjourned at 6 p.m. to meet again on Tuesday, July 23, at 11 a.m.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4


TUESDAY, JULY 23, 1946

WITNESSES:

Mr. H. G. Hilton, President, The Steel Company of Canada, Limited,
Hamilton, Ont.

Mr. Gordon MacMillan, Director, Algoma Steel Corporation Limited,
Sault Ste Marie, Ont.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

TUESDAY, July 23, 1946.

The Standing Committee on Industrial Relations met at 11 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Pouliot, Raymond (*Beauharnois-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

A letter was read from the Secretary of State promising co-operation in regard to the prompt printing of evidence taken by this Committee.

Mr. Hilton was recalled and further examined. He filed:—

Exhibit No. 6—The Steel Company of Canada, Limited, vs. Local 1005 United Steelworkers of America. Findings of Board of Conciliation, 14th December, 1944.

Exhibit No. 7—Memorandum, April, 1946, respecting Lost Time in Industry.

In the course of the examination of Mr. Hilton, there was filed by Mr. MacInnis:—

Exhibit No. 8—Sessional Paper No. 247, 1946, respecting production and price of steel and iron.

The Committee adjourned at 1 o'clock p.m. until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Howe, Johnston, Lalonde, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. Hilton was recalled and further examined. He filed:—

Exhibit No. 9—Booklet, Pension Plan, The Steel Company of Canada, Limited.

Exhibit No. 10—Booklet, Benefit Plan for the Employees, The Steel Company of Canada, Limited.

Exhibit No. 11—Agreement, dated 4th August, 1945, between The Steel Company of Canada (Gananoque Works) and The United Steelworkers of America (C.I.O.) Local Union No. 3208.

In the course of the examination of Mr. Hilton, Mr. Robinette of Counsel for the Committee filed:—

Exhibit No. 12—Labour Agreement, signed on April 23, 1946, between Algoma Steel Corporation, Limited, and Local Union 2251, United Steelworkers of America.

Mr. Hilton was retired subject to recall on short notice.

Mr. Gordon MacMillan, Director, Algoma Steel Corporation Limited, was called and sworn. He read a prepared statement and was questioned thereon.

The Committee adjourned at 5.25 p.m. until Wednesday, July 24, at 11.30 o'clock, a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
July 23, 1946

The Standing Committee on Industrial Relations met this day at 11 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: The clerk of the committee has received a letter from the Hon. Paul Martin which reads as follows:

OTTAWA, July 19, 1946

DEAR MR. DUN,

I have for acknowledgment your letter of July 19, relative to the printing of committee proceedings and evidence of the Industrial Relations Committee.

I have immediately instructed the King's Printer to give first priority to this, and to co-operate with you in every possible way.

Yours sincerely,

PAUL MARTIN

H.G. Hilton, President, The Steel Company of Canada, Limited, recalled.

By Mr. Robinette:

Q. I understand that you want to make an answer giving what you have been able to find out over night as to some of the questions that were asked yesterday.—A. That is correct. May I read this into the record?

Q. That is the most expeditious way.—A. I was asked for the distribution of our employees on a straight hourly rate, straight tonnage and combination hourly rate and tonnage. The figures are as follows: Straight hourly rate 2,404, tonnage 340, part tonnage and part hourly rate, 2,426, a total of 5,170. I might point out that the information I have available is not complete. These figures we have tried to relate to the number of employees given in one statement and another statement and they vary by a few employees one way or another which is due to the fact that figures available apply to different times within the past few months. The next question was the matter of the 259 in good standing in the union. That is covered in this document here.

Q. You are producing the findings of the board of conciliation in a dispute between the Steel Company of Canada and the United Steel Workers of America dated December 19, 1944. This report of the conciliation board contains the facts as to the union membership as a result of the check directed by the conciliation board?—A. Well, it was rather the sworn statement of the union as to their membership.

Q. The sworn statement of the union. We will make that an exhibit.

The CLERK: Exhibit 6.

The WITNESS: The next item is the report of Colonel Inch on union membership in May of this year which the Minister of Labour undertook to provide. The next point was the fatal accidents at Hamilton works since September, 1939. September, 1939 to December, 1939, none; 1940, 3 accidents; 1941, 2 accidents; 1942, 3 accidents; 1943, 2 accidents; 1944, 1 accident; 1945, 3 accidents; 1946 to date, none.

The next question raised was as to the comparative health of employees engaged in the steel industry and other industries. Fortunately I happen to have a statement here by our medical officer with some data on that point which I should like to read to you.

In 1940 the U. S. Public Health Services published a comprehensive report on a survey over 18 years, 1921-1938, compiled from information submitted from companies and benefit associations in eastern United States. Employees were divided into three classes, Iron and Steel 43 per cent, Public Utilities 21 per cent, Miscellaneous Industries, 36 per cent. Iron and Steel had 78 cases of illness per thousand employees against a general average of 85.1 for the three groups. In respiratory diseases, Iron and Steel were again first with 33.4 per cent against 37.9 for the three; In non-respiratory the figures were Iron and Steel 44.6 per cent against 47.2 per cent for all. Circulatory diseases showed 4.5 per cent for Iron and Steel against 4.7 per cent for the group. In tuberculosis the record was 1.1 per thousand Iron and Steel workers against 1.2 for the whole group. Only in pneumonia and rheumatic affection did Iron and Steel fall below the average; pneumonia 3.3 cases Iron and Steel, against 2.8 for the whole, and rheumatism 11.1 Iron and Steel, against 10.5 for all. *Journal of Industrial Medicine*, February, 1940).

The United Steel Workers of America in a pamphlet on lost time in industry, Toronto, December, 1944, found female workers lost 10-13 days per year from illness and males 6 to 9 days. The Canadian Department of Labour also from a compilation of statistics from 1940-1943 inclusive, reports males as losing 6.3 days a year from illness and females 11 days.

The Canadian National Railways, through Dr. Emmet Dwyer, regional medical officer, reports that employees of the Railway lost 9 days per year from illness and women lost 12 days each year.

Dr. Schapiro, Tennessee Coal, Iron and Railroad Company, finds that 55.6 per cent of the Company's sick employees are off eight days or less and that all lost 10 days per year because of illness. Dr. C. D. Selby, General Motors, states in Chicago in 1939 that only 6 per cent of lost time in his industry (sickness or accident) could be laid to industrial causes. The 94 per cent was due to the maladies to which the general population was subject.

Dr. C. T. Long, Chairman, Commission of Industrial Health and Hygiene, State of Pennsylvania, quoting statistics for the full year 1943 (the last available) in the *Journal of Industrial Medicine*, February, 1945, finds that 11 lost days from illness is correct for that year in his state, and 13 for women.

The Standard Oil Co. of New Jersey finds that 1943 records for its North American employees shows only 6.5 days per worker lost through illness.

The record of lost days per employee for sickness at the Steel Company of Canada, Hamilton Works, is as follows:

1945	4.079
1944	3.98
1943	3.59
1942	3.175
1941	4.038
1940	3.021

These figures are reasonably accurate. It is possible that some men were ill for brief periods without notification reaching the medical officer, but in 1945 after the Union agreement required reporting of all illness to escape the penalty of loss of holidays with pay, the reporting has tightened up very satisfactorily.

I believe Mr. Smith raised the question yesterday. Our figures compare extremely favourably with the average in industry.

Q. Do you want to put that in as an exhibit?—A. It is the only copy I have.

Q. We will file that as an exhibit. It is more convenient for the record. It is a statement as to lost time in industry.

The CLERK: Exhibit 7.

Mr. CROLL: May I start with Mr. Hilton for a few moments?

By Mr. Croll:

Q. Mr. Smith went over your brief very briefly yesterday. I will start at page 1. Let me say now I think you have a very good and very terse brief.

Some Hon. MEMBERS: Louder.

Mr. CROLL: I said he had a very good and very terse brief.

By Mr. Croll:

Q. On page 1 you say:—

May I express my regret that family obligations prevented me from appearing earlier but the delay was unavoidable.

That is not a very serious statement. From what I know I believe that is a true statement.—A. My son was married last Friday night.

Q. I just wanted to call your attention to the fact that we were considerably worried over your coming here. We had a letter from your solicitor who in part said:—

As you no doubt are aware, the Steel Company's Hamilton plant is in a state of siege in view of unlawful picketing by Steel Workers Union. It would be a much easier matter to prepare the brief, if it could be done in the company's own head office, where exact data is readily available. I wish to say further that conditions in Hamilton have placed a great burden of responsibility on Mr. H. G. Hilton. I think it would be most unwise to be absent from Hamilton for any length of time.

There is no difficulty at all about getting here?—A. I think Mr. Munnoch's point was that if I might be given a definite appointment and could take care of my responsibilities at a set time rather than come and wait it would be very helpful to me.

Q. Everything is going all right in Hamilton today?—A. Yes, sir.

Q. Now, yesterday you also gave us an invitation to visit the plant?—A. Yes, sir.

Q. I do not want you to think we are an unfriendly group or inhospitable in any way at all in not having accepted it but this is a busy committee. Will you tell us just exactly what is happening in the plant at the present time? How many people are there there?—A. About 2,500. It is very difficult to obtain exact records under conditions prevailing.

Q. You had planned for this for some time, had you not?—A. I had planned for it for probably a month.

Q. And I suppose you arranged for these sitters to be there?—What are they?

Q. What would you call the people in the plant?—A. I would call them working men doing their job.

Q. "Sitters" is not an unfriendly term.—A. I just want to emphasize that they are not sitting there having a good time. They are doing a good job of work.

Q. How many hours?

Mr. SMITH: I do not know what we are going to do about it but we cannot hear you.

The WITNESS: I am very sorry.

Mr. CROLL: All right, we will try. I wonder if we can get a better arrangement here.

Mr. BLACKMORE: Could not Mr. Croll go down to the other end and ask his questions there?

Mr. ARCHIBALD: Mr. Croll could ask his questions down here and he would have to raise his voice.

Mr. CROLL: I will raise my voice again, and if you complain again I will move down there.

Mr. SMITH: It is three strikes and out.

The WITNESS: I have to tell you I am not accustomed to this kind of thing and unavoidably I lapse into a normal speaking voice, and I apologize.

Mr. SMITH: It is not so much you. It is the man who is questioning you. You have a good stout voice. He has got one of those little pipsqueak voices.

By Mr. Croll:

Q. How many hours are they working?—A. That is something I cannot tell you. I am not in there. They are presumably working their regular shifts. What is that?—A. Eight hours?

Q. And what are they being paid?—A. They have not been paid anything yet.

Q. What are they going to be paid?—A. They are going to be paid straight time for all the time they are in there.

Q. The same rate of wages as if they were working under normal conditions?—A. That is right.

Q. Nothing extra?—A. Oh yes, they will be paid for the time they are in the plant.

Mr. JOHNSTON: Would that be for 24 hours a day?

Mr. CROLL: That is what I am getting at.

By Mr. Croll:

Q. They are paid for the time they are in the plant; that would be for 24 hours?—A. That is right.

Q. So they are actually getting three times what they would normally get?—A. That is right.

Q. And in addition to that they are being provided with food?—A. That is right.

Q. Ample food?—A. Ample food.

Q. And living accommodation?—A. Of a kind.

Q. Mr. Gillis did not like the idea yesterday of the living accommodations that you were providing for them. Do you remember that?—A. I invited him to come and see them.

Q. He did not object to the fact you invited us. He objected to the fact you were presumably contravening the Factory, Shop and Office Building Act.—A. That is a question I cannot argue because I am not a lawyer. I had to take whatever steps were necessary to be sure to be able to protect that property.

Q. That is quite right. My only interest in it is that in 1937 when this Act was amended in the province of Ontario I happened to be a member of the legislature at that time, and I always want to feel it is being lived up to. It says:—

Without the written consent of the inspector no part of a factory shall be kept or used as a bedroom or sleeping place.

You did not get that written consent, did you?—A. No, sir.

Q. Well, newspaper reports indicate there is considerable bitterness in the city of Hamilton between the families of the people who are on strike and those who are staying in the plant.—A. I believe that is a correct statement.

Q. That is quite correct. I presume when this whole thing is settled that bitterness will continue between the people when they return to work?—A. I imagine it will to some extent for a time.

Q. For a time. You believe it will solve itself after a while?—A. I cannot answer that question.

Q. You have been for many years, you have told us—

The CHAIRMAN: Order, please; I think we should refrain from asking hypothetical questions.

Mr. CROLL: Which is hypothetical?

Mr. JOHNSTON: What will happen six months from now.

Mr. CROLL: It has a bearing on the settlement of the strike.

The CHAIRMAN: I understand that you are endeavouring to put the matter as impartially as possible before the committee, but I ask myself if a witness, who is here giving evidence in good faith as this witness is, should be asked highly hypothetical questions of that kind. I am making this suggestion not only to Mr. Croll but to all other members of the committee, too. That is a friendly suggestion.

By Mr. Croll:

Q. As I understand it you told us you started in the plant at 17 cents an hour, the same plant?—A. No.

Q. I misunderstood that; it was a different plant?—A. That is right.

Q. Many years ago?—A. 1910.

Q. And so you know something about labour relations?—A. I think so.

Q. I think you do too, and therefore you are a very good witness, as a matter of fact, and one who can give views on that subject very evenly, can you not?—A. I am trying my best to.

Q. I am asking you just what effect that is likely to have on the plant in the future?—A. If you are asking me how long the animosity arising out of this dispute will last and disappear, I cannot tell you.

Q. You brought some ads here yesterday, bills passed out by the union, and I have had the opportunity of looking them over, and I could not see anything particularly objectionable in them, except that they were argumentative. Is that what you had reference to?—A. If intimation of bad faith on the part of the management is argumentative, I will let that stand.

Mr. SMITH: I cannot hear a thing.

By Mr. Croll:

Q. Mr. Hilton, I turn to page 5 of your brief, in which you set out the employees' representation plan, non-contributory pension plan, Christmas bonus, holidays with pay and military benefit plan. Might I say, before I ask you any further questions, that I personally commend you on what appears to be a very forward offer to look after your employees. You say: "In 1919 a non-contributory pension plan was inaugurated to the support of which, up to date, the company has irrevocably transferred \$4,346,120"?—A. Yes.

Q. In face of what appears to be very generous treatment, can you give this committee some explanation as to why the men chose by a majority vote to join the union.—A. Maybe I can put it this way, rather briefly. Suppose somebody came along and said, "Here, you sign this ticket and we will get you a lot more money for a lot less work", and you say, "Aw shucks, I haven't anything to lose."

Q. Have they got anything more since they joined the union?—A. They have a swell strike on their hands.

Q. Anything else besides that?—A. There were increases throughout the war. I think we would have always met our men generously.

Q. You do appreciate that your original offer was 5½ cents?—A. Yes, I was in a bargaining position.

Q. Which, later, you brought up to 10 cents?—A. Yes.

Q. So the union, perhaps, had something to do with that?—A. You are asking an almost impossible question. I think you will realize that is very different for a man to say what he would have done in a totally different set of circumstances. I would have done my best, anyway.

By Mr. Smith:

Q. The normal course of horse-trading?—A. Yes.

By Mr. Croll:

Q. Is this still horse-trading?—A. I made my offer yesterday. That is the most I can give unless there is a rise in prices.

Q. You say that anything more would jeopardize the company?—A. I say that is eminently fair. I have already met the union half way, and they have not done anything at all. There has been some talk about putting your feet under the table. Our people did put their feet under the table.

Q. They really need to put your minds above the table? Putting your feet under the table would not help the situation?—A. I don't think so. That is true, yes.

Q. You put both your feet under the table, and just sat?—A. No, we moved, and they have not.

Q. You have moved from nothing to 10 cents, and they have not given ground at all?—A. Yes, that's right.

Q. Yesterday you said you made a submission to the Wartime Prices and Trade Board, and there was a provision of 11 cents made there for wages, salaries and bonuses?—A. I would like to correct that. I said, as I recall it, that the figure I remember in that submission to cover a possible unknown wage advance was about \$2,500,000, and then I went on to say that we worked about 22,000,000 hours, but I did not include any salary hours.

Q. The actual amount of the increase of \$5.00 did mean how much in money?—A. As I said, we made 1,000,000 tons.

Q. And \$2,500,000 was for wages?—A. Yes.

Q. You said that a million tons at \$5.00 a ton is \$5,000,000?—A. Yes, sir.

Q. And that of that \$5.00, \$2,500,000 of it was provided for wages.—A. Correct.

Where do you get the 10 per cent?

Mr. SMITH: He did not mention 10 per cent.

Mr. CROLL: 11 per cent.

Mr. SMITH: He did not mention that at any time.

By Mr. Croll:

Q. I am sorry. I meant 11 cents. What would 11 cents really mean?—A. I said that if that 11 cents was spread evenly in wages, making no provision for the salaried employees, it would be about 11 cents. I might also say that I pointed out that the increase in wages and salaries since the war already amounted to over \$3,000,000. That was before there was any advance to speak of, in the price of steel.

Q. Originally you are quoted as having said that the \$5 increase did make provision for an increase of wages for labour?—A. Who quoted me?

Q. You have been quoted here in the committee?—A. I do not know who could quote me to that effect.

Q. Mr. Gillies was the manager of the Hamilton plant?—A. Yes.

Q. He was quoted as having said that on behalf of the company?—A. What he might have said, I don't know. I do know that he knew nothing about the submission that was prepared by the sales department and myself.

Q. The fact is that he said that without authority and without knowledge?—A. He was doing a job of bargaining.

Q. Originally you offered $5\frac{1}{2}$ cents an hour?—A. That is right.

Q. As of what date?—A. I imagine that would be...

Q. Retroactive to what date?—A. Not retroactive to any date.

Q. What date was that?—A. I believe it was in one of the meetings at the end of May.

Q. Then you raised that offer to 10 cents an hour as of July 1?—A. That is right.

Q. Why not 11 cents, Mr. Hilton?—A. What is the other side going to yield? Is the negotiation all to be on this side? What does bargaining mean?

Q. Bargaining means a fair bargain?—A. Yes, to sit down and try to get together. If I say, "This is my offer and I won't yield one iota from it", does that constitute bargaining.

Q. You started at $5\frac{1}{2}$ cents?—A. I was talking about $19\frac{1}{2}$ cents.

Q. There was provision made for 11 cents?—A. No, the provision was for \$2,500,000 for wages and salaries.

Q. How are you going to use that 11 cents for wages and salaries?—A. I am going to use about \$2,500,000.

Q. I am getting back to your offer of 10 cents, and there was still something left over for salaries. You were going to use that for salaries?—A. Yes, sir.

Q. Go back to page 9: "Following the hearing before the Ontario Labour Court just referred to, a vote, supervised by that court, was taken at Hamilton Works...." When was that vote taken?—A. I believe it was 1944.

Hon. Mr. MITCHELL: I have the facts here.

Mr. CROLL: What month was it?

Hon. Mr. MITCHELL: I am sorry but it is not ready yet.

Mr. ROBINETTE: The firm is taking it up. I suggest that you go on with something else, Mr. Croll.

By Mr. Croll:

Q. You say that 55 per cent of the people voted in favour of the union, and they were certified?—A. Yes.

Q. That vote was conducted by the Department of Labour by secret ballot?—A. By the Province of Ontario.

Q. And following that, you entered into a contract with the union?—A. Yes, sir.

Q. And the contract, as filed here, had expired in February, I think, of 1946?—A. Correct.

Q. Up to February, 1946 was there any reason for complaint in the working-out of the agreement?—A. I do not think it functioned very satisfactorily. There was always bickering one one thing and another.

Q. It provided for grievances?—A. Yes.

Q. You expected some difficulties?—A. Well, possibly some difficulties, but not as much as we had.

Q. There was a "no strike" provision in there, in any event?—A. Yes.

Q. And it was lived up to?—A. Yes.

Q. For your information, Mr. Millard told us here, before you came, that he was prepared to put in the same clause again, and live up to it. I want to get

on to page 12, particularly at page 13.—A. Mr. Croll, I have those facts for you. The vote was ordered January 10, 1944 and the vote was taken on February 2, 1944.

Q. And the contract was entered into when?—A. A year later.

Q. That contract did not contain a check-off?—A. No.

Q. You know that the Algoma Steel Corporation contract does?—A. I have heard that.

Q. And the contract with the Dominion Steel and Coal Company does?—A. I believe it is compulsory by law in Nova Scotia.

Q. Because it is not compulsory by law in Ontario, you did not enter into it? Is that one of the reasons?—A. I cannot very well stand here and tell you that I would not do what the law told me, but I have my convictions.

Q. And your convictions were set down yesterday in answer to Mr. Smith?—A. Yes.

Q. You said:—

We sign a contract for one year at a certain wage rate, the next year it is going to be more. If you concede a revokable check-off this year, next year it will be something more; and it all leads up to a closed shop, which I do not approve, either.

That was your statement?—A. It is the sense of what I said. I am asking you, do you think—

MR. CROLL: I do not do any thinking here. You answer the questions.

By Mr. Beaudoin:

Q. Would you permit me to interject a question?

From the answer Mr. Croll has just read, am I to understand that you are opposed to a voluntary check-off because you are afraid that eventually, next year or the following year, demands pertaining to a closed shop will be made?—A. Yes, that is right.

Q. You think that by retarding the check-off, you will keep a closed shop out?—A. Yes.

Q. You do not think that the relationship between the company and the union is not good enough to give them this voluntary check-off?—A. No, I do not.

By Mr. Croll:

Q. Let us get on with the questioning, now. On page 13 you say you wired the Minister of Labour on July 10, and you said:—

According to reports reaching me many employees, both union and non-union, of which latter group there are many who are most anxious to avoid a strike and consider the offers made acceptable. Stop. Under conditions existing they have no opportunity to express an opinion on this matter so vital to them. Stop. I urge as strongly as I can that you arrange at once for a secret ballot of all employees affected as to whether they will accept the offer made. Stop. This ballot should follow the method used in voting for certification under the Ontario Labour Court with scrutineers representing both union and company and under the supervision of officers of your department or the Ontario Department of Labour . . .

In effect, you said there were many non-union and union members who did not want the strike?—A. That is right.

Q. And existing conditions did not give them an opportunity to express themselves?—A. Right.

Q. And that you wanted a secret ballot under the same conditions as under which the certification was made?—A. Which, I think you will agree, will be fair.

Q. And that you wanted the Department of Labour to supervise it?—
A. Yes.

Q. If you had had that, you would have been completely satisfied?—
A. I would have been.

Q. Would it surprise you if I told you that Mr. Millard is also agreeable to give you that, in part?—A. When did he say that?

Mr. SMITH: Mr. Chairman, I rise to a point of order. The witness in no case can be questioned as to the veracity of a quotation from a particular witness. If what he says is true, then let us give it to him. He is entitled to the same sort of protection that anyone gets. I object to Mr. Croll giving this evidence without quoting it.

By Mr. Croll:

Q. Mr. Hilton, you are quite satisfied—

Mr. SMITH: Why not finish what you are doing?

Mr. CROLL: I will finish it.

By Mr. Croll:

Q. You are quite satisfied with those conditions you set out in the telegram?—A. I would have been entirely satisfied with them.

Q. I say to you that in so far as this request that you make, that Mr. Millard is also in agreement with you—

Mr. HOMUTH: Mr. Chairman, a point of order was raised by Mr. Smith. You have given no ruling on that point of order. Mr. Croll again repeats the statement. Let us have the facts.

The CHAIRMAN: Gentlemen, during this investigation I have allowed great latitude in the questioning of witnesses. I think it is time to intervene, and say that when a member questions a witness on a quotation or on a certain document, this document should be produced. So, if Mr. Croll, or any of the members of the committee refers to a quotation, they should indicate the source of that quotation, or if he intends to use a written statement or a written document, this very document should be brought in before the committee and filed as an exhibit so other members of the committee will have the opportunity of referring to it. This is my rule, and I think Mr. Smith's objection was well taken.

Mr. JOHNSTON: That is one good reason why we should have the evidence in printed form here.

The CHAIRMAN: The Honourable Secretary of State has sent a letter telling us that first priority is to be given to the printing of this evidence.

By Mr. Croll:

Q. You told us, Mr. Hilton, that you were quite satisfied with these conditions in your telegram?—A. That is right.

Q. Have you any recollection, or do you know whether similar conditions have been imposed in any—

Mr. HOMUTH: Mr. Chairman, I again rise to a point of order; Mr. Croll has made certain statements. These statements have gone on the record. Now, he should be required either to produce the documents proving these statements or we should expunge the statements from the record, one thing or the other.

The CHAIRMAN: My ruling stands, and I urge members to respect it. In fairness to every member and all parties concerned, I must insist on the production of documents referred to during questioning of witnesses. That is my ruling.

Mr. CROLL: I have no objection to the expunging of that part of the record which relates to my reference to a statement by Mr. Millard, I have no objection at all.

The CHAIRMAN: Thank you very much.

Mr. GILLIS: May I just say this on this point of order, I do not think Mr. Croll quoted any documents; and if there is any doubt as to what Mr. Millard may have said, or what he may have been said to have meant, Mr. Millard is here in the room and can substantiate it now.

Mr. CROLL: That is quite correct.

By Mr. Croll:

Q. I ask you now whether you know of any contract, labour contract, between employer and employee, where these terms are included?—A. No, I cannot say I do.

Q. You cannot?—A. But I do say that one of the big difficulties to-day—

The CHAIRMAN: Order please, Mr. Hilton. Gentlemen, here again is the same question. Mr. Croll speaks about contracts that have been placed between one party and another; so I urge the honourable member to produce the contracts concerned so that all members of the committee will be in a position to peruse them and then we can have an intelligent discussion of them. This is a suggestion. It is not a ruling. But if we must stick closely to the rules of evidence then I am prepared to do so; and I think it is for the good order of our committee that this matter be followed very closely.

Mr. MACINNIS: Mr. Chairman, I think you are a little bit previous in your ruling on this point. All Mr. Croll has said as far as I have heard, and I am pretty close to him here; he did not say there is such a contract; he asked the witness if he ever saw such a contract. When he says there is such a contract then we can ask him to produce it, but until then I think your ruling is a little previous.

The CHAIRMAN: That is right, Mr. MacInnis, I agree with you, but I am going to repeat what I said, that the moment a witness says there is such a contract I think it is my duty to ask him to produce it.

Mr. SMITH: May I say to Mr. MacInnis that I agree with him; I think your ruling was justified, quite proper and quite fair. Mr. Croll asked a question, does he know of any contract where similar conditions have been imposed and carried out; and, with respect, the answer given was: "No, I cannot say I do." With respect, I suggest that is all there is to it. Either he knows of such a contract or he does not know, as his answer indicated, and that is the end of it.

By Mr. Croll:

Q. What was your answer to that question?—A. You asked me if I knew of any labour contract which provided such a condition, and my reply was no.

Q. Yes?—A. And I was going to say when the chairman rose that I consider one of the serious difficulties with it is the fact that the people involved, the people actually involved in the dispute are hamstrung and they cannot say what they think when an offer is made; that offer passes to some place—Toronto, Ottawa, some place, I don't know. It certainly is not determined by our men.

Q. You have heard of Mr. Justice Rand?—A. Yes, sir.

Q. And you have heard of Mr. Justice Rand's decision in the Ford case?—A. Yes, sir.

Q. Quite a precedent, wasn't it?—A. It was. I do not know whether it was a good one or a bad one, but it is a precedent.

Q. Would you care to express an opinion on it? We should like to have it.
—A. I don't think it is relevant right now.

Q. It is very relevant, if you like.—A. I can say to you in fairness that if there were any institution of the Rand formula in our Hamilton works there would be a riot.

Q. There would be a riot?—A. Yes.

Q. Who would do the rioting?—A. I think the people who would be expected to pay money for something they didn't want.

Q. You say, something they do not want—and don't get?—A. Do you believe that the 2,000 people in our plant to-day would want to contribute to the United Steelworkers of America?

Q. Is that established to-day?—A. I think it is in other cases.

Q. That is your approach to it, you think that the people, some 2,500 of them would have to contribute, and they would object?—A. If they are compelled to pay for something they do not want.

Q. Who compels them?—A. The Rand formula would if it were imposed.

Q. But at the moment in your plant who compels them to pay union dues?
—A. Nobody. I am not saying that.

Q. Who will compel them?—A. I said if the Rand formula should be imposed as a settlement of this dispute it would be utterly impossible.

Q. I'm just quoting, to make sure that we understand each other, from the *Ottawa Journal* of February 1, 1946. "Under the Rand award it was provided specifically that all non-union members in the Ford plant have the right to vote on the one vital thing which concerns them, namely: the calling of a strike. All strikes must be authorized by secret ballot, supervised by a government official, and all employees—union and non-union—may vote. Nothing of taxation without representation there."—A. I have no objection to that part.

Q. What you object to is, of course, the other part of the formula where everyone has to either pay dues or become members of the union?—A. That is right.

Q. Well, Mr. Millard, at page 12 of his brief stated: "I want again to make it clear that there is not the slightest possibility of our union accepting anything less than the Sloane settlement in regard to wages and hours and the Rand formula in regard to union security." (It is in the evidence some place). Do you remember what that was? May I just refresh your memory on what else was contained in the Rand formula, and then I want to ask you whether you think it is a good thing or bad.—A. All right, sir.

Q. And I think one of the other conditions was, that in the event of an unauthorized strike the union would repudiate the unauthorized strike in writing; does that appeal to you as something good for the company?—A. It is a step in the right direction.

Q. And to declare union members free to cross unauthorized picket lines—
A. What was that again?

Q. To declare union members free to cross unauthorized picket lines under that formula?—A. Well, I claim that if a man wants to cross a picket line he has that right at any time, without any contract.

Q. But all they are trying to do is to avoid unauthorized picket lines. Would you say that is a step in the right direction?—A. Yes.

Q. In addition to that it provided for fines to be imposed on employees who participate in unauthorized strikes.—A. That is all right, if they can collect them.

Q. Leave the collection to somebody else; is it a step in the right direction?
—A. If they can collect them. I think it is futile.

Q. You do not think they could collect them?—A. I do not think they could collect them.

Q. And, loss of seniority, one year for each week; is a penalty like that in your opinion a step in the right direction?—A. Well, Mr. Croll, I do not think

there is much object to be gained in going over all these things categorically, one by one. I think anything that is conducive to orderly conduct and obedience to the law is a step in the right direction.

Q. But there are strict conditions imposed; you say it is a step in the right direction?—A. I have said that in reply to certain of your questions.

Q. In addition to that, that the union is to be penalized by suspension of the check-off for from one to six months if it fails to declare against an unauthorized strike. That is part of the Rand formula. Do you think that is a step in the right direction?—A. I have already expressed my opinion on the check-off.

Q. No, no; this is loss of the check-off, they lose it if they call an unauthorized strike for a period of one to six months.—A. Hum.

Q. That is a penalty.—A. I understand that.

Q. Would you say that is a step in the right direction?—A. Again, if it is enforced.

Mr. BEAUDOIN: If it is enforced.

By Mr. Croll:

Q. Now, I will take you back for a moment to page 15 of your brief where you said, "(a) That, when the strike took place, it was over three and a half months since the company advised the union in writing that it was prepared to attempt to negotiate a mutually satisfactory wage increase subject to existing laws." What do you mean by "subject to existing laws"?—A. You know there is a wage control order, I presume.

Q. Is that the reference?—A. Yes.

Q. I have heard about it. That was the reference meant?—A. Right.

Q. Let me put this question to you: You told us earlier that your offer was ten cents an hour?—A. Yes, sir.

Q. Across the board, without check-off?—A. Yes, sir.

Q. That was your final offer?—A. And vacations was in it.

Q. You agreed to vacations?—A. Yes.

Q. You also said, I think earlier, that if the company had to pay 15 cents an hour you would not be in any immediate jeopardy.—A. I am not going to pay 15 cents an hour, Mr. Croll.

Q. I did not say that you are or you are not. We have something to say on that. You would not be in immediate jeopardy?—A. I am the person who is responsible for the financial side of our company.

Q. Yes.—A. And I tell you that 10 cents an hour is what I am prepared to pay, with the present scale of prices and the present cost of things in other directions. I cannot make it any plainer. Do you know how I could make it any plainer?

Q. I do not know how you could make it any plainer. To get back again to union security; I think you reiterated that the Rand formula was unacceptable to you?—A. Extremely so.

Q. In part?—A. In so far as the check-off is concerned.

Q. In so far as the check-off is concerned. The rest of it you think is a step in the right direction?—A. Now, bear in mind Mr. Croll you are asking me about something with respect to which I am not conversant with all the details, the Rand formula. I only recall them from having read about it four or five months ago in the press. I cannot make any categorical statement just offhand without a study of it.

Q. I gave you the terms of it almost completely.—A. I reserve the right of having an opportunity of making a study of the Rand formula before committing myself.

Q. You say you have made no study of it yet. Hasn't it been brought to your attention?—A. I read it in the paper when it came out.

Q. But you are not entirely unacquainted with its details?—A. No, sir. I do remember specifically that it included a provision that everyone must pay dues to the union whether they wanted to or not.

By Mr. MacInnis:

Q. Mr. Chairman, I would like to ask a few questions of the witness, but before doing that I think we should follow the same procedure followed with the previous witness; Mr. Millard; that the witness should give the committee, who like myself only met Mr. Hilton yesterday for the first time, particulars of where he was born, when, why, and such other things as we asked Mr. Millard.—A. Is that your question?

Q. That is my question.—A. I was born in Strathroy, Ontario, on March 31, 1889. I do not think I need to go into why. My parents moved to Cleveland, Ohio, when I was relatively young. I went to school there, graduated from college as a mining engineer there in 1910. I borrowed the money to do most of my college education with. As I told you yesterday I went to work as a labourer in a blast furnace plant in south Chicago at $17\frac{1}{2}$ cents an hour, when the standard work week in the steel industry was twelve hours a day, seven days a week. Actually we worked ten hours in the daytime and fourteen hours at night, and when we changed over from day to night, we would work from seven o'clock Sunday morning until seven o'clock Monday morning, then two weeks later we got a break, we didn't have to go to work from seven o'clock Sunday morning until seven o'clock Monday morning. I worked with the various steel plants in the United States until 1919, when I came to the Steel Company of Canada as Assistant Blast Furnace Superintendent.

Q. On page 3 of your brief which you submitted yesterday, the last paragraph, I find these words:—

It is emphasized that the Steel Company of Canada has not been and is not opposed to collective bargaining, nor is it opposed to the principle of trade unionism.

I would like to question you on those words for a few moments. This refers not to yourself, it refers to the Steel Company of Canada as a corporate entity. When was the Steel Company of Canada organized?—A. 1910.

Q. And during that time; or perhaps I should put it this way; when did the Steel Company of Canada enter into its first agreement with a recognized trade union?—A. As far as the Hamilton works is concerned, it was February, 1945.

Q. February, 1945; then from 1910 to February, 1945, over thirty five years, there was no trade union recognized in the Steel Company of Canada, although the Steel Company of Canada was not opposed to collective bargaining or to the principle of trade unionism?—A. My testimony will show that as late as 1943, out of a payroll of 5,000 there were 250 union members. Would you suggest that required then for collective bargaining?

Q. I am not dealing with that point now, I will deal with that point later. The question I asked you is, in view of the fact that trade unionism was growing in many industries all across Canada, and there were times—and I think we will come to that later—there were attempts to organize employees of the Steel Company of Canada prior to 1945, a considerable number of years prior to 1945 from information given to me.

Mr. SMITH: I think we might ask this question; I think we might learn when Steel was first organized. It was not organized thirty-five years ago, or anything like it. And it is just in very recent years that steel was organized.

By Mr. MacInnis:

Q. Various categories of trades in the steel industry have been organized for many years. I think Mr. Gillis could give us some information on that as it relates to the steel workers and when they began to organize in Nova Scotia. We can bring out the information and put it on the record. When the steel workers were recognized as the bargaining agency in the works at Hamilton it was as the result of being certified by the Ontario Labour Court?—A. Correct.

Q. Is it not a fact that you never recognized the United Steelworkers in any plant until you were obliged to do so by order of the labour court, or by order of the Labour Relations Board?—A. Is it not a fact that unions should show—

Q. No, no,—any other facts you can give me later. But, is not this a fact, it was only recognized on order of the Labour Court or the Labour Relations Board?—A. We did not recognize them until they showed that they had a requisite number in the plant.

Q. You did not recognize them until you were ordered to do so either by the Ontario Labour Court, or by order of the Ontario Labour Relations Board?—A. They could not get certification to prove they had the necessary membership.

Q. I am a member of a trade union and have been since 1910, and it was never necessary in the company with which I worked, and is not necessary in normal labour relations with organized trade unions, to get a court order to recognize the union. In a great many of the trade unions and companies that I know where there are labour relations it has not been necessary to get a court order, but in the company of which you are president the trade union was never recognized except by a court order or an order of the Labour Relations Board? Is that correct?—A. I think that is correct, yes.

Q. At your Canada Works at Hamilton you had a board of conciliation under the Industrial Disputes Investigation Act in 1945?—A. You are asking me that question?

Q. Yes.—A. Yes, I believe that is right.

Q. Did that board of conciliation make a unanimous recommendation for a form of union security?—A. It made that recommendation. I cannot tell you from memory whether or not it was unanimous.

Q. Did you accept the findings of the board? We will deal later with the question whether or not it was unanimous. Did the company, or did you accept for the company, the findings of the board of conciliation?—A. If you mean did we grant so-called union security at the Canada Works we did not.

Q. I have the *Labour Gazette* for April, 1945. This is an official publication published by the Federal Labour Department.

Mr. SMITH: Dominion or provincial?

Mr. MACINNIS: The Federal Department of Labour. On pages 486, 487 and 488 there is a report of board in dispute between the Steel Company of Canada Limited, Hamilton, and United Steel Workers of America, Local 3250. I should like to read the unanimous recommendation of that conciliation board. The board consisted of F. H. Barlow, a judge, J. A. McNevin, and Drummond Wren. The report is signed by all members of the board and reads:—

(1) That the Company withdraw its present clause forbidding Union activity on Company premises, and agree to a clause similar to that suggested, which would prevent Union activities on company time, or in a manner which would interfere with employees on Company time.

You did not accept that?—A. As a matter of fact, at the Canada Works for some reason the Union withdrew. They have not been near us in connection with collective bargaining at the Canada Works for months and months.

Q. Would you say that the majority of the employees of the Canada Works are not in the Steel Workers Union?—A. No, sir.

Q. You would not say that?—A. I know nothing about it.

Q. Would it surprise you to know that the great majority of them are members of the Steel Workers Union and despite this unanimous recommendation you did not enter into an agreement with them?—A. I think they broke of bargaining.

Q. That is not the question. Obviously they had to break off bargaining unless they had somebody to bargain with. When you would not accept the unanimous recommendation of the board then they either had to do one thing or the other. They had to go on strike, which you do not like, or they had to stop negotiating which obviously they did. Is that correct?—A. They stopped negotiating.

Q. Would it not be reasonable to suppose they stopped negotiating for the reasons I suggest?—A. I cannot pass judgment on that.

Q. Do you not think it is reasonable that you should recognize the recommendations of the conciliation board that was set up officially by the Department of Labour under Canada's laws? You were very strong on law and abiding by the law a little while ago. Now, why do you not abide by this? Of course, I realize that it is not compulsory. There is no way of compelling you, but you abide by just so much law, that which you are compelled to, and the other you do not. Is that correct?—A. No, it is not correct.

Q. All right, that will be for the committee to decide.—A. Right.

Q. The second recommendation was:—

(2) That the Union withdraw its request for inclusion of a maintenance of membership clause.

The union evidently accepted?—A. I do not know whether or not they did.

Q. They did not press it, anyway, because they stopped negotiating, so I assume they accepted it. The third recommendation is:—

(3) That the Company agree to the inclusion of a voluntary check-off clause as follows:—

Remember this is a unanimous recommendation—

The Company shall, upon receipt of written authorization from each or any of the said employees, and until such authorization is withdrawn, deduct dues at the rate of 50 cents per bi-weekly pay period, except the 13th and 26th bi-weekly pay periods of the year, and shall remit the same promptly to the financial secretary of the union.

You did not accept that recommendation?—A. I think I have made my views on that quite clear already.

Q. What I want to know is this. You will pay no regard to the unanimous findings of a board set up by the government?—A. I repeat that I also have a right to my opinion, and I have expressed it clearly.

Q. Quite, but how can you expect harmonious labour relations when you won't accept the findings of an impartial board?—A. Did you ever hear of the United Steel Workers refusing to accept the findings of a board or conciliator?

Q. Perhaps they have done so, but if the United Steel Workers on occasion refuse to accept decisions of this kind that is no reason why you should refuse.

Some Hon. MEMBERS: Oh!

Mr. MACINNIS: And that he should refuse is no reason why the Steel Workers should refuse.

Mr. SMITH: You are right both times.

Mr. MACINNIS: We will leave that one. Evidently that was not acceptable.

By Mr. MacInnis:

Q. The fourth recommendation was:—

(4) That the grievance procedure be amended to provide for an individual employee's right to participate in the settlement of grievances, and that the following clause be adopted:—

Nothing herein shall prevent an individual employee from presenting and discussing his grievance directly with the company at any stage, but this shall be in addition to and not in substitution for the procedure for the adjustment of disputes in this agreement.

A. I do not see anything wrong with that.

Q. If that were the only recommendation you would have accepted it?

—A. If negotiations had gone on I think we would have accepted that.

Q. Negotiations went on until the board was set up by the government to which you appointed a representative of your company. Your company appointed a representative to the board which brought in these recommendations, and if this was the only recommendation they had brought in you would have accepted it? Is that correct?—A. I said quite clearly I thought if negotiations had concluded to the point where a contract was reached we would have had no objection to that clause.

Q. That would have enabled a contract to be reached. That was the purpose of the recommendation. The purpose of this recommendation was that a contract would be signed, but you did not sign a contract. We will take another. That was April, 1945. This is the *Labour Gazette* for March, 1945. This is the report of a board in dispute between the Steel Company of Canada, Limited, Gananoque, and Local 3208, United Steel Workers of America. The chairman was J. P. Madden. I do not know whether or not he is a judge.

Mr. ROBINETTE: Yes, he is.

Mr. MACINNIS: One of the representatives was one, John J. Robinette.

Mr. ROBINETTE: It was unanimous.

Mr. MACINNIS: He is down here as a member so that I do not know whom he was representing on this board, whether it was the company or the employees.

Hon. Mr. MITCHELL: Was it a unanimous report?

Mr. MACINNIS: Unanimous. As a matter of fact, the report is very brief. It contains two recommendations. It is a most simple report. The first recommendation is:—

That the union drop its demand for maintenance of membership.
The next recommendation was:

That the agreement between the parties contain a clause providing for the check-off by the company of union dues upon voluntary authorizations by the employees. All of which is respectfully submitted.

It is a unanimous report.

By Mr. MacInnis:

Q. Did you accept the report of that conciliation board?—A. I cannot speak very clearly from memory about the details of those negotiations, but there is no contract there. I am sure of that.

Q. There is no contract because you did not accept the recommendations of the board?—A. I do not know. I am not going to reply to that.

Q. A moment ago in reply to questions by Mr. Croll you said you were opposed to the employees paying dues in that manner because it was compulsory. You were opposed to the Rand formula in that respect. This recommendation, just as the recommendation in the other report that I read, was for a voluntary check off. There was no compulsion there. What was your objection

to accepting that report and entering into an agreement?—A. On the surface there is no compulsion but there is usually a certain amount of under current of pressure. The fellow who does not sign a ticket has plenty of pressure on him.

Q. Do you not suppose these fellows should be able to look after themselves? You made deductions for income tax. A great many people will not pay income tax without a certain amount of pressure.—A. We did not do it because we wanted to. It made more work for us, and on top of that I might say at this time that with this system of deductions from pay cheques unavoidably there is a great deal of onus on the employer because a man takes his cheque home and his wife looks at it and sees so much money, and she does not take into account the 10 per cent off for income tax, and another 15 per cent for savings, and she says, "Why does the company not pay you more money"?

Q. You are running a steel works, not a domestic relations court, so I do not think that is a factor. There is a very simple way of obviating any difficulties between the man and his wife in that regard, and that is to accept the demands of the Steel Workers Union at the present time. It would make for harmonious relations in a good many homes in Hamilton.—A. I do not agree with you.

Mr. SMITH: Surely this is not a court of domestic relations.

Mr. MACINNIS: I did not bring that in. I was not trying to make this a court of domestic relations. I thought we were dealing with a matter of labour relations, and that the working people of Canada have grown to a maturity, as the working people of other countries have grown to a maturity, where they can protect themselves without the employer insisting on protecting them.

Mr. SMITH: I am with you on the check off. I do not want you to have any misunderstanding about that.

Mr. MACINNIS: I am not disagreeing with you at the moment. We will take that up later.

By Mr. MacInnis:

Q. I should like to ask you how you can expect to have good relations with the union if you refuse on every occasion to go along with the unanimous report of government conciliation boards?—A. Do you mean to say in order to have good relations with the union it is essential you give them everything they want?

Q. No, but these two reports were reports of boards where the Steel Company of Canada had a representative, the workers had a representative and where there was an impartial chairman. We assume he was impartial. He was a judge of the Supreme Court of Ontario in one case. The union did not get all it wanted in the findings. As a matter of fact, the union was denied many of the things it wanted, but it gave them a part, and then it demanded certain other things from the company. My question is how can you expect good labour relations if you refuse to accept the unanimous and moderate recommendations of industrial relation boards?—A. My reply to that is the whole history of the company indicates that its relationship with its employees has been extremely good for many years.

Q. The point we are dealing with is the statement on page 3 in your brief.

It is emphasized that the Steel Company of Canada has not been and is not opposed to collective bargaining, nor is it opposed to the principle of trade unionism.

What I want to know is how can you favour the principle of trade unionism—if you are not opposed to it I imagine you are in favour of it—if you will not deal with the accredited representatives of the trade union?—A. When did we refuse to deal with them?

Q. Evidently in these two reports you refused to accept the recommendations and no agreement could be entered into, so that indicates that you refused to deal with them, but we will come to that later.—A. Not necessarily.

Mr. BEAUDOIN: Would Mr. MacInnis tell us in these two cases to which he has referred whether the union had made public its acceptance of the unanimous reports?

Mr. MACINNIS: I do not know, but my information is that the union accepted the recommendations, or was willing to accept the recommendations and enter into an agreement.

Mr. BEAUDOIN: To your knowledge was that willingness transmitted to the company?

Mr. MACINNIS: I think that would be the ordinary thing to do. What would be the sense of a trade union accepting findings and keeping it secret? The purpose of the board was to bring these things into the light of day, and the union would be only too willing to say they were either in favour or opposed. My information is that in this instance they were in favour.

By Mr. MacInnis:

Q. Did you, yourself, Mr. Hilton, ever take part this year in any negotiations between your company and the United Steel Workers?—A. No, sir.

Q. Have you met any of the leaders of the steel workers' union in regard to trade relation matters?—A. No.

Q. Do you not think you should do so if you are desirous of having harmonious relations?—A. I have the responsibility to carry on these various plants, and anyone who is experienced with organizational matters knows that when men are trusted with responsibilities, that you cannot go over their heads.

Q. These men would be limited in the responsibility you give them and they would not be able to give and take which always happens when responsible employers negotiate with a responsible trade union. The point is that you have never had any occasion to meet representatives of a trade union to talk over the matter of labour relations with them?—A. That is correct.

Q. In the matter of harmonious labour relations, it is desirable that the employer should personally know the men he is dealing with, and that the representatives of the union should, in the same way, know the employer. That puts people on their best behaviour and a certain amount of politeness comes in. How do you expect to get harmonious relations unless and until you meet the representatives of the trade union?—A. I think I can say, without a shadow of doubt, that I know more men personally in the plant than a large majority of executives do.

Q. These are not the men who do the contract negotiations. They are men in the plant. I do not doubt, from your knowledge of the plant and your knowledge of the employees that that is true, but that is not the crux of good labour relations in society that large industries should negotiate with a powerful trade union movement. You expect good labour relations although you have never met the representatives of the union in your plant?—A. I expect good labour relations because we have always been fair.

Q. That is kind of getting away from the point. That does not carry out what you have emphasized in your brief. You say: "It is emphasized that the Steel Company of Canada has not been and is not opposed to collective bargaining...". You cannot have collective bargaining unless you have an organized body that will elect its representatives and appoint these representatives to bargain with the employing company?—A. I think I made it quite clear in my brief that I am not in favour of this particular union.

Q. Did you ever enter into an agreement with any other union?—A. I do not know that we have ever been called up to do that. We have union bricklayers in our plant earning more money than the union scale, and other trades. They have never asked for any agreement.

Q. I do not want to reply to that. There are certain things in a trade union that are given to a workman outside of his pay. That is an extremely limited view to take of it.

Mr. SMITH: There is a security scheme there.

By Mr. MacInnis:

Q. How do you explain the fact that other companies have reached agreements with the steel workers' union including maintenance of membership without striking, while you have not?—A. I cannot pass any opinion on what actions other companies take.

Q. When did the company begin negotiations with the steel workers' union this Spring?—A. About the 1st January.

Q. Did you meet the union yourself?—A. No.

Q. Did you refer the proposals that were made by the union to the shareholders of the company?—A. Did I do what?

Q. I believe you are advocating a democratic procedure. Did you refer the steel workers' proposals to the shareholders of the company?—A. No, the shareholders hire me to run the company.

Q. The steel workers negotiated with their representatives, and they could fire them any time they wanted to?—A. Yes.

Q. Are you not on par with the representatives of the steel workers' union in that respect?—A. Probably so.

Q. The same procedure was followed, and if it was a good policy for the union, why would not it be a good policy for you? Is there any reason why it should not be?—A. I think there are a lot of fellows around Hamilton who would like to fire the steel workers' officials now.

Q. I have represented a union, and I have been fired by a union, but that does not matter here nor there. The point we are dealing with is the democratic procedure of referring things to those who are concerned. You say the union should refer your offer to the employees and have a vote taken on it, and then when I ask you if you referred the offer of the union to the shareholders, you are amazed?—A. The shareholders will probably tell me to go back and run my job.

Q. That is exactly what the union employees have done. They gave the representatives, as far as I know, certain things to negotiate for?—A. I think that is a very far-fetched comparison.

Q. It is only far-fetched when you have one law for employers and another law for trade unions?—A. They are totally different sets of conditions.

Q. The conditions are similar?—A. I will leave that to the judgment of the committee.

Q. Your company has advertised that the Steel Company of Canada bargain in good faith. Is that correct?—A. That is correct.

Q. In giving your evidence yesterday you stated that there was a wage increase of about 11 cents, but the prices increased?—A. That has been covered by Mr. Croll, and I denied it. I said most emphatically that 10 cents an hour was as high as we could go.

Mr. MAYBANK: I am having difficulty in hearing the witness. Mr. Hilton is not accustomed to speaking loudly enough. Every once in a while one hears real well, and then the witness drops his voice again. I would like to ask him to try to make sure we hear.

The WITNESS: I will try.

By Mr. MacInnis:

Q. Yesterday Mr. Smith asked this question and I read this from the transcript of the evidence yesterday, and the chairman, I believe, has a copy of this:—

By Mr. Smith:

Q. May I ask the witness this question which I do not think will be confidential. In the representations which you made to the Wartime Prices and Trade Board when you received the \$5 per ton increase in price, was the share of that owing to the increased cost of labour indicated?—A. There was a guess at it.

Q. Will you tell us what it was?—A. I think it was approximately \$2,500,000.

Q. Now I have to get my pencil out to find out what that means.—

A. For 22,000,000 hours it is about 11 cents an hour.

—A. Then I went on to explain that if the whole sum went to the wage earner, that would leave the salaried people out.

Q. Then Mr. Croll said: “Q. How much?—A. About 11 cents, but bear in mind we also cannot increase wage earners without increasing salaried people, too.” But, coming back to this question of bargaining in good faith, you admit there was 10 cents an hour in the price increase granted by the Wartime Prices and Trade Board, but your first offer to the union was 5½ cents an hour. Do you call that bargaining in good faith?—A. I do.

Q. While there was 10 cents an hour, on your own evidence, in the price increase, if you could have got away with paying 5½ cents an hour, you were going to get away with it?—A. No, we knew we never would.

Q. Will you explain why you made the offer?—A. As a starting point for discussions.

Q. And had the discussions dropped there, that is all you would have offered? In other words, if you had no union the offer would have remained at 5½ cents?—A. But we had a union. Your methods of procedure must depend upon the circumstances under which you are operating.

Q. This is the position; that despite the fact that you were told that the price increase in steel was given and that there was 10 cents an hour for the employees, your representatives were instructed to make an offer of 5½ cents?—A. In the first instance, we were not told that there was 10 cents an hour in the increase for wages, or anything else.

Q. What does “in the first instance” mean?—A. That is in reply to your question.

Q. I want you to explain what is meant by “in the first instance”?—A. I will change it to “in the first place.”

Q. What is meant by “in the first place”? We will ask another question because you are unable to answer that.—A. I will answer anything. What I am going to say is that in the first place we were never told that there was any specific amount for wages or anything else. We allowed approximately \$2,500,000 for wages and salaries.

Q. This is your reply to me, that you were never told, you say, that there was a wage increase in the price increase, but you were asked to indicate what wage increase would be represented by this amount, the amount of the price increase price given?—A. I can make what I said quite clear.

Q. Then you said about \$2,500,000 would amount to about 10 cents an hour, and I presume then the Wartime Prices and Trade Board said, “All right, we will give it to you. There will be that much for wage increases”?—A. I cannot say what they said.

Q. Despite that fact, when you first made representations to the union, you made an offer of $5\frac{1}{2}$ cents an hour?—A. That is right.

Mr. SMITH. Will Mr. MacInnis permit me to interject. There is a little bit of David Harum in everyone and an offer of $5\frac{1}{2}$ cents was made. That is the way people bargain.

By Mr. MacInnis:

Q. That point raised by Mr. Smith is quite all right and it would be all right had not the price increase been made with a certain amount in it for wage increases. If there was a certain amount included, that amount should have been offered to the representatives of the union without any haggling?—A. And then start increasing from there.

Q. If you had made that offer in good faith then, perhaps, there would have been a settlement then?—A. All you have to do is to read the paper.

Q. Papers are only hearsay evidence, and the chairman has ruled that out.—A. No, they quote statements definitely.

Q. If you now offer 10 cents an hour, why was that offer raised?—A. As a further concession to avoid trouble.

Q. If there had been no trouble, you would pay the 10 cents?—A. I did not say that.

Q. What did you say?—A. We put in that $5\frac{1}{2}$ cents an hour offer as a starter against $19\frac{1}{2}$ cents an hour, and your people did not budge one iota. You never came near us for a month and at that time the chairman of the conciliation board practically insisted upon it. If you call that bargaining, I do not.

Q. It is bargaining. They made certain demands. As I see it now, they are not insisting upon those demands now. But, I want to bring another point to your attention. You said a moment ago in answer to a question by Mr. Croll that you would not budge from your 10 cents an hour offer. Reading from the transcript of evidence, Mr. Robinette asked you a question:—

Q. It would appear so far that the main issue in dispute is the question of wages, and in making an offer of ten cents, undoubtedly you had some reason in mind for setting ten cents. Can you help the committee in any way by stating why you suggested ten cents an hour; why you feel that is adequate and what the reasons behind your offer were?

Then you replied:—

I felt that is as far as we can go in view of the cost increase. We might have offered another nickel, but we cannot do it now. We estimate what we are going to take in the rest of the year.

If you could offer another nickel, why did you offer the ten cents?—A. As I recall the statement I made to Mr. Robinette it was that if we had been free agents we might have afforded another nickel in the expectation that we could recoup from the price increase.

Mr. SMITH: That is what he said yesterday.

By Mr. MacInnis:

Q. The next question is:

Mr. Robinette: Q. In other words, as I understand your answer, your offer of ten cents is based primarily on the ability of your company to pay the ten cents an hour increase?—A. I did not go into any question of ability to pay. I say, on the particular estimate of our year's business, I felt that was as far as we could possibly go and carry on business.

Q. With the existing price control limit on steel?—A. Yes, and coupled with the hope that the present volume would continue. If our volume dropped off in a week, we would be sunk. We could not carry on.

Now, in so far as price control entered into your answer to that question it was suggested by Mr. Robinette, you did not mention it yourself, but you made this answer:—

A. I did not go into any question of ability to pay. I say, on the particular estimate of our year's business, I felt that was as far as we could possibly go and carry on our business.

Now, does that mean, "that we might have offered another nickel but we cannot do it now"?—A. Well, do it now—does that include price control?

Q. Price control was in question when all these matters were under discussion. Price control was in force on April 1, and on April 1 you got a price increase of \$5 a ton; but what did you have in mind when you made that statement, "we might have offered another nickel", realizing that price control—

Mr. SMITH: Mr. Chairman, in fairness; that is not fair. This witness said the other nickel was on the basis of price control being removed and he could recoup himself by higher prices. I think that was understood by everybody around this table yesterday.

Mr. MACINNIS: Mr. Chairman, Mr. Croll just this morning quoted from a document something that he thought was in the document and he was told by Mr. Smith that he could not do that. And now, Mr. Smith finds what he is saying now in a document; let him quote it.

Mr. SMITH: You read it a few minutes ago.

Mr. MACINNIS: I did not do anything of the kind.

The CHAIRMAN: Order, please. Mr. MacInnis has requested the right to ask the witness questions about evidence he gave yesterday. I would remind members that we have gone far enough in permitting them to make speeches when questioning witnesses.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: I would like the members to come to the point and put straight questions to the witness.

Mr. MACINNIS: Are you suggesting that I am not putting straight questions to the witness?

The CHAIRMAN: Not all the time.

Mr. MACINNIS: I want to know what it was you said, whether you did make that offer—

Mr. SMITH: The whole committee has said that they understand.

Mr. MACINNIS: The whole committee did not say so.

Mr. SMITH: I thought so.

Mr. MACINNIS: Mr. Smith said he thought he was talking for the whole committee, but that is one of the assumptions Mr. Smith quite often makes.

The WITNESS: I gave the committee my answer to that question, that testimony has already been given.

Mr. MACINNIS: Then you will not explain what you had in mind when you said, "we might have offered another nickel but we cannot do it now"?

The WITNESS: I have already explained that several times over in the evidence already on the record.

Mr. MACINNIS: But why not give us a short explanation of it now?

The CHAIRMAN: Order, please. I think in fairness to the witness; the witness has given his answer and we must accept it as it is. He said that he had explained it twice on the record and he declares under oath that he has no further explanation to give.

Mr. MACINNIS: I submit to you, Mr. Chairman, and to the witness, that there is no mention of this five cent increase when the witness said yesterday that "we might have offered another nickel but we cannot do it now." There is no mention of that in any part of the evidence up to the time I brought the matter up.

Mr. MERRITT: I heard it distinctly yesterday, and I heard it again this morning from the witness.

Mr. MACINNIS: I am asking the witness—

The CHAIRMAN: The witness has given his answer on his responsibility as a witness under oath. His answer is that he has already given the explanation asked, and we must accept that as it is in the record. Whether it is satisfactory or not the committee will decide later on.

Mr. MACINNIS: My contention is that it is not on the record, that is why I brought it up now.

Mr. BEAUDOIN: Mr. Chairman, in order to clarify this point I think Mr. MacInnis should go on in his quotation of the evidence of yesterday, because a little later on you find this, Mr. Robinette goes on with the question:—

Q. Have you considered the possibility of going over 10 cents an hour increase?—A. Not unless we get more money.

Q. You say that with the present price structure, it is impossible for your company to pay more?—A. The company has very definite responsibilities to its shareholders, and it has a responsibility to make enough money for depreciation.

And then he goes on and repeats it.

Mr. MACINNIS: He was talking about more money and he also said he was not taking the ability of the company to pay into consideration. I have a return, I will be glad to file it. This is a return to an Order of the House. I will be glad to file it with the committee if the committee so desires.

The CHAIRMAN: Excuse me, Mr. MacInnis, is that a certified copy of the order?

Mr. MACINNIS: It is a copy I received from sessional papers. It is numbered 247. It is dated Tuesday, July 16, 1946. And it is signed in typewriting "Paul Martin" Secretary of State of Canada. And the answer to that presumably in the form and style usual to a return of this kind.

The CHAIRMAN: I have no objection to accepting this if it is proper, signed in typewriting.

Mr. MACINNIS: It is the copy I received from the Secretary of State in reply to my question. These are usually accepted as proper.

The CHAIRMAN: All right.

Mr. MACINNIS: My first question was:

1. What percentage of steel ingots produced is actually sold by the three basic producers in Canada?

And the answer to that is:

1. Steel ingots produced in Canada are not actually sold in the form of ingots.

Then my second question was:

2. What is the actual price increase per ton permitted on all the various types of steel produced by the three basic producers?

Now, the answer to that is a fairly long one and includes basic and/or primary iron and steel products as well as secondary iron and steel products and includes such things as blooms, billets and slabs, rails, sheet piling, structural shapes, bars, sheets, etc. I would point this out, that according to this that the price must have been more than \$5 a ton, and we must take that into consideration in figuring out the rate per mill ton.

The CHAIRMAN: I do not like to interrupt the member, but is it the intention to have the witness produce these documents?

Mr. MACINNIS: I think we are entitled to have the witness produce any papers that are necessary to the committee to come to an understanding.

The CHAIRMAN: Because I understood that you intended to produce them yourself for the purpose of asking questions on them. I would point out that the witness should have the right to see it before it is produced.

Mr. ROBINETTE: It is just transcribed in the evidence.

The CHAIRMAN: It is a return to an order of the House.

Mr. MACINNIS: I do not see why I should read this. Of course, I am putting myself in the hands of the committee.

Mr. ROBINETTE: It is a matter of public record.

The CHAIRMAN: I have no objection to its being produced.

Mr. SMITH: I have no objection to its being produced and having Mr. MacInnis make it a part of the record. If there are some questions arising out of it then in my judgment it is quite proper; otherwise, it is nothing but argument.

The CHAIRMAN: I cannot hear you, Mr. Smith.

Mr. SMITH: I am saying that if this is desired for the purpose of asking the witness questions arising from it, then I think it is quite proper that Mr. MacInnis should read it and put it on the record, but if it is merely a matter of argument which we will go into later, that is another matter. Of course, we will accept an answer given in the House of Commons without proof. If it is chiefly a matter of argument, perhaps this would not be the proper question.

Mr. MACINNIS: I was going to ask a question on it, but in this matter I am quite willing to put myself in the hands of the committee. The point I was going to ask questions on is this: Is it not true that primary products such as slabs and billets are distributed in your plant for processing into secondary products?

The WITNESS: Yes, sir.

Mr. MACINNIS: And you get \$5 a ton increase in price on this. You get it now, I understand—

Mr. SMITH: May I see that, please.

Mr. MACINNIS: I would like to use it for a minute, if you please.

Mr. SMITH: All right.

The WITNESS: Pardon me, I want to reply to what Mr. MacInnis said. He said we get \$5 a ton increase. That price increase applied over the products of our company covers a great many items. It works out more on some, and less on others, and to none at all on some. If you take the items there in the second paragraph, that works out on the average at \$5 a ton—and a few cents one way or the other, I do not recall.

By Mr. MacInnis:

Q. Do you produce rails in your plant?—A. No, sir.

Q. You do not produce them?—A. No, sir.

Q. The increase per ton on rails in this return is \$4. There is one other item that has an increase of \$4.00—bars, hot rolled, carbon and alloy including bar size structurals. You produce bars, do you?—A. We produce bars.

Q. The other increases are up to \$11, \$10, \$20 and \$15 per ton.—A. May I explain that, that we have to figure the increase in price on finished products in terms of ton of ingots.

Q. Yes. —A. Of course, you are quoting there the price per ton on finished products. In many cases it works out at two tons of ingots to one ton of finished products, and if you get \$10 on finished products you have it on the basis of \$5 of ingots produced. That may help your understanding.

Q. Well, we will let it go at that.—A. It is just a plain statement of fact.

Mr. ADAMSON: Mr. Chairman, I would like to ask a question.

The CHAIRMAN: Excuse me, Mr. Adamson. We want to enter this return as an exhibit. It will be exhibit No. 8.

Exhibit 8: Sessional Paper No. 247 (1946).

Hon. Mr. MITCHELL: Mr. Chairman, Mr. Smith asked me to give some information yesterday. It is now five minutes to one and if I might just read it into the record now, Mr. Chairman.

The CHAIRMAN: Certainly.

Hon. Mr. MITCHELL: The first one has to do with local 1005 of the United Steelworkers of America, it reads as follows:—

His Honour Judge M. A. MILLER,
Chairman, Board of Conciliation.

IN THE MATTER OF:

STEEL COMPANY OF CANADA LIMITED

and,

LOCAL 1005 UNITED STEELWORKERS OF AMERICA

Pursuant to the instruction I received from you and the Department of Industrial Relations, Department of Labour, Ottawa, I have completed the count of the union members according to the records supplied me by the company and the union, and beg to report as follows:—

1. The company representatives and the union representatives agreed on the company list of employees eligible to be union members in this union, and this list was supplied me in duplicate. The company also supplied me with files containing the signatures of such employees.
2. The union supplied me with the union membership cards, the applications for membership in the union, and the ledger cards of such personnel, and Mr. Larry Sefton, Union Organizer of this union, supplied me with a Statutory Declaration that the information contained in the union records given to me, was true and correct.
3. They agreed upon company list of employees eligible to belong to this union, contained 4,868 names.
4. According to the union records of signed applications for membership and paid up dues on such applications, I find there are 2,256 employees who are members in this union.

Dated at Hamilton, this 3rd day of May, A.D. 1946.

G. T. INCH.

Hon. Mr. MITCHELL: The other item for which Mr. Smith asked was in connection with the statement made by William Green, and this is from the *New York Times*, July 18, 1946. It reads as follows:

A.F.L. OPPOSES O.P.A. STRIKES

GREEN CALLS PROTESTS AGAINST LIFTING CONTROLS "UNWISE".

DETROIT, July 17 (AP)—Strikes in retaliation against removal of price controls are "unwise at this time", William Green, president of the American Federation of Labor told the Brotherhood of Maintenance of Ways, A.F.L. convention to-day.

The workers of the nation cannot and will not remain passive, he told the 700 delegates. They must and will have more wages if prices increase. I know there is a strong feeling among many American workers to retaliate against profiteering and Congressional blunders by striking.

He continued, that is an unwise course at this time. In this crisis, labour must exercise iron self-discipline and restraint. We must refrain from causing any interruption of production, because production alone can save us.

Mr. Green added that he had information which leads him to believe that a Congressional conference committee will work out a revised O.P.A. bill acceptable to President Truman.

Mr. SMITH: May I make a statement to the Minister? I asked for these things so as to confirm, or disconfirm what the witness said. I have read it. It is in accordance with what the witness said, so I do not think we need to waste time in reading it.

Mr. MACINNIS: This is not the *New York Times*. Is it a certified copy of what was in the *New York Times*? If not, it is not what you asked for.

Mr. SMITH: You will have to ask the minister that, he is producing it. I am not.

Hon. Mr. MITCHELL: I was asked to obtain this information the other day, and my clipping bureau at the department reviewed the subject of trade disputes and sent me this abstract, which it is stated to me was taken from the *New York Times*.

Mr. CROLL: Put it in the record.

Hon. Mr. MITCHELL: Do you want me to read it?

Mr. MACINNIS: I thought I should draw it to the attention of the committee, otherwise, with all the lawyers around here one would not be able to say anything.

Hon. Mr. MITCHELL: I think I can explain that.

Mr. McIVOR: Mr. MacInnis is not a lawyer.

Hon. Mr. MITCHELL: He is not doing so damned bad.

Mr. BEAUDOIN: He is a very good labour lawyer.

Hon. Mr. MITCHELL: He is like myself, I am not a lawyer.

Then I have another lengthy newspaper clipping. It is from the *New York Times* of July 8, carrying essentially the same report.

Mr. CROLL: Put it on the record.

July 8, 1946, New York *Times*.

RISE IN PRODUCTION IS URGED BY GREEN

WRITING IN AFL SURVEY, HE TELLS WORKERS THIS IS BEST WAY
TO STABILIZE DOLLAR

Special to the New York *Times*.

WASHINGTON, July 17.—In a special message commenting on the termination of Federal price controls, William Green, president of the American Federation of Labor, advised the organization's 7,000,000 members to-day that they could best stabilize wage dollars by increasing production and thus eliminating shortages.

Mr. Green's views were set forth in a front-page statement in Labor's Monthly Survey, an official AFL publication. The statement was accompanied by a cartoon captioned: "Bring prices down by producing the goods." It showed a store with shelves almost bare and a sign announcing that prices were up 15 to 25 per cent. An adjacent panel showed the same store with shelves full and a sign to the effect that prices were down 15 to 25 per cent.

In his message Mr. Green said:

The sudden ending of OPA brings a responsibility to business and to labor for carrying on policies that will safeguard the interests of all. We were already in the current of inflation and some price increases are inevitable to readjust production to more satisfactory levels. Minor temporary increases can be absorbed with little permanent change in the purchasing power of our wages. Our major need is increased volume of production.

Our safety lies in getting through this period of transition with no major increases in costs or stoppages of production. Major changes will be cumulative in effect and may start the chain of dangerous inflation. Some employers' organizations are wisely taking action against price and rent increases.

For their own safety the wage-earners of the United States should exercise self-discipline and good judgment, and refrain from taking ill-considered and unwise action pending action by Congress. Labor will then be in a position to demand co-operation for holding prices and especially rent levels. Wage-earners can best stabilize their wage dollars by helping to increase volume of production which can wipe out scarcities and the danger of run-away inflation.

As workers in a free economy let's first strengthen our foundations so that our strongholds will weather the difficulties. As citizens of a democracy we must preserve our rights by insuring the general welfare.

Mr. ADAMSON: Mr. Chairman, I move we call it one o'clock.

The CHAIRMAN: Representations have been made to me that we should meet in the morning at 11.30 so that members may be present for the opening of the House. Is it the pleasure of the committee to accept that idea; and that we sit at three o'clock in the afternoon?

Mr. SMITH: We might be getting into difficulties. Some of us have other work to do around here besides the House and this committee. If we are going to alter our afternoon time why not make it 3.30 and get back the half hour we lose in the morning?

The CHAIRMAN: Is that agreeable to the committee, that we sit at 11.30 and 3.30?

Agreed.

The committee will adjourn until 3.30 o'clock this afternoon.

The committee adjourned at 1.00 o'clock p.m. to meet again at 3.30 o'clock p.m.

The committee resumed at 3.30 o'clock p.m.

The CHAIRMAN: Order.

Mr. ADAMSON: Mr. Chairman, I think I had the floor at recess. I should like to ask Mr. Hilton questions concerning the \$5,000,000 offered by the federal government, or the increase of \$5 per ton. Now, as I see it the company has not and quite justifiably could not produce or bring down a cost sheet; therefore, we have only one figure on costs on which to find out what the actual cost of steel is. And I further realize that you cannot say steel will cost so much per ton and give indicated operations in a company such as yours. But there are one or two figures which were given and I think some explanation could be made of those figures; that is, I think it was last year 22,000,000 man hours produced 1,080,000 tons of steel. I think that is pretty near the amount.

The WITNESS: That is practically right.

Mr. ADAMSON: Now, Mr. Chairman, that would be the cross picture on the average 20.4 man hours per ton, to produce one ton of steel. That is the picture right across the whole operation for the steel company. I realize that some operations take a great deal more than that, possibly some operations a great deal less, but that is the general picture, and I submit that it is the only picture we have at this time before this committee. Now, then, I understand the government have allowed an increase of \$5 per ton on the cost of basic steel. Well, working on this principle, the 10 cent increase would increase the cost \$2.04 a ton at 11 cents—I just want to get these figures because I want to know whether they are reasonably accurate and whether they meet with the opinion of the steel company or not—11 cents would give an increase of \$2.24; 12 cents would give an increase of \$2.50; 13 cents would give an increase of \$2.65; 14 cents would give an increase of \$2.86; and 15 cents would give an increase of \$3.06; and 19½ cents would give an increase of \$3.98 per ton. Now, those figures are purely for the hourly workers and do not include those workers who are what is known as salaried employees, so the figures which I have given would have to be somewhat increased to take care of the salaried group of employees. Now, Mr. Chairman, I want to ask Mr. Hilton if that is not the basic increase in the cost per ton of steel, which is the one point at issue; and whether or not these figures do not give a reasonable picture of the increase in the cost of producing steel, or in the increase of the hourly rate.

The WITNESS: If I understood you correctly you have—

Mr. BLACKMORE: Will you speak more loudly, please?

The WITNESS: I was saying, if I understood you correctly, sir, you have calculated that because I said we worked 22,000,000 man hours last year and we produced something over a million tons, and that meant that our man hours per ton of steel were approximately 20 or 21. Now, this may be difficult to explain to you clearly so that you would understand it. We are dealing on the one hand with our production in terms of ingots, which is primary steel production. We are dealing on the other hand with figures you gave with labour calculated per ton of ingots, I presume, in an effort to relate that to the increase in price.

Mr. ADAMSON: Yes.

The WITNESS: I would point out again that we do not sell steel as ingots. We sell it in some further processed form. These ingots are first taken to the blooming mill where they are rolled into square shapes, 6, 8, or 12 inches square, and they lose appreciably in that operation from first to last. Then they are taken to another mill where they are run into plates or bars or some other form of production, and in that operation they sustain another loss; so that in heavy steel products our tonnage of actual steel sold would average 65 or 70 per cent out of our ingot production; therefore, you cannot take the increase in price as so much per ton of ingots. The price does apply to ingots in so far as they relate to the cost of the actual processed product sold. As I pointed out to you this morning, by the time the metal gets into the finished product, you have to take in more than the rate per ton of ingot in applying it to the saleable product. You may calculate it in terms of tons of ingots, that may be true; but you do not sell ingots, you sell something made out of them; and, as I said, when it comes to figuring the cost on the finished product you may have to charge in two tons of ingots to one ton of finished products.

By Mr. Adamson:

Q. Yes. I did not understand you to say that clearly. I thought that was the over-all production. I thought the figure you gave yesterday was the over-all production of steel.—A. It is common practice in the steel industry to talk about how many tons of ingots you run, and so forth, when you speak about the primary production of a plant.

Q. Then the ten cent figure would make an increase of \$2.04 per ton. That would be low?—A. That is the increase if you relate it to the ingots.

Q. Yes.—A. But it is not the increase if you relate it to the products you can sell.

Q. Your 22,000,000 man hours, would that be for your total operation of the steel company?—A. The entire company.

Q. Including all your other mills, your subsidiaries?—A. There may be one or two minor subsidiaries not included in that.

Q. That is the thing I was trying to get at because it seems to me that the basic argument between you and the union is as to what share of the increase comes within the ten cents, what share of the increase cost in the ten cents an hour will be used in the basic production of steel. That is the figure I am trying to get.—A. It is a relatively simple matter, sir; every cent represents about a quarter million dollars per year.

Q. Every cent of increase represents a quarter million dollars a year, that is across the whole picture of the steel company?—A. That is right.

Mr. ADAMSON: I think that was the figure I wanted to get at. Thank you.

By Mr. Gillis:

Q. I want to ask Mr. Hilton a question or two, but before I do there is something I think concerning the committee which should be said. In answer to Mr. MacInnis this morning with respect to the bargaining position of the company on the union Mr. Hilton said, while they have shifted their bargaining position from time-and-a-half to ten cents, he said to Mr. MacInnis, "your people have not budged an inch". Going on the record that statement would lead people to believe that this committee is divided as between the steelworkers union and the company, whereas in fact this committee is an impartial committee endeavouring to get facts relating to the whole matter with the object of achieving a settlement. I just want to correct that impression in the record which perhaps might be misleading; you referred to Mr. MacInnis

as "your people".—A. I remember the incident exactly, and it slipped out without thinking on my part. I did not mean any inference of any kind.

Q. I did not think you did, so for the purpose of the record I think it is well to have that straightened out.—A. That is right.

Q. And, another matter for the record—I will be very brief—Mr. Smith created the impression that the organization of the unions in steel is a relatively new thing in Canada. I just want to say this, that there have been unions organized in steel plants in Canada back as far as 1907, and very definitely since 1915. Now, Mr. Hilton, I am going to be very brief in my questions. When did you begin to return to continued production in case of a strike?—A. I cannot say exactly, a month or so.

Q. You anticipated that strike?—A. We did not anticipate it. We feared it might happen and we decided to protect ourselves and our property.

Q. When did you place bedding in the plant?—A. About the middle of the week before the strike.

Q. And you started bringing in food about the same time?—A. That is right.

Q. Did you solicit the workers who are now in the plant? At what time did you start to recruit the force now in the plant?—A. We did not recruit anybody. We told them if they wanted to stay we would do our best to look after them. And I may add that we got about two or three times as many as we thought we would who wanted to stay on there.

Q. About what time did the workers first start to sleep in the plant?—A. Friday night. We did that because we thought you might pull a quickie—I apologize, I meant the United Steelworkers.

Q. Is it not a fact that picketing did not start before noon Sunday?—A. That is right.

Q. But you actually had supplies in the plant Friday night before picketing began at all?—A. That is right.

Q. Picketing began Sunday?—A. That is right.

Q. So that in fact you started to prepare to break a strike that did not exist?—A. I deny that. We did not start to break any strike. You know, and I know, and everybody else knows that no employer can break a strike. The only ones who can break a strike are the people involved in it who do not want to have anything further to do with it.

Q. I understand from your evidence that your company anticipated trouble and you took time by the forelock and prepared the plant so that those on the inside might be housed as comfortably as possible while it was being settled.—A. Of course, we did, Mr. Gillis. There was no reason for us not to take care of ourselves.

Q. You stated in your evidence that some 2,000 employees were now at work. I think you amplified that this morning and said 2,500. Is that correct?—A. I may have said up to that, somewhere in that vicinity. It is very difficult to get an exact check.

Q. How many of them were legitimately eligible for membership in the union and would be covered by the bargaining agency?—A. I cannot answer that question.

Q. How many of them are members of your supervisory board?—A. That, I do not know.

Q. In answer to Mr. Croll this morning you said that they were putting in 24 hours a day.—That is right.

Q. In other words you are paying them three times the usual wages?—A. They are all away from their homes and are entitled to some compensation.

Mr. BLACKMORE: Sorry I cannot hear you.

The WITNESS: I say, they are away from their homes 24 hours a day, for maybe a week, two weeks, three weeks—we do not know how long they will be there and they are entitled to something for that.

By Mr. Gillis:

Q. I suppose you would not call what you are paying these men in the form of extra wages inflationary?—A. Well, it is extra wages, and paying that to a couple of thousand men is going to increase the level all over Canada.

Q. And you know that under Order in Council 9384 you are not allowed to increase wages? Have you had any permission from the board to pay that increase in wage?—A. No, we have had no permission from the board. We will cross that bridge when we come to it.

Q. Do you think the extra wages you are paying in the plant now has anything to do with their being in there?—A. It rewards them for their loyalty in staying on the job.

Q. You do not think that your paying them three times as much wages as they would get under normal conditions has anything to do with it?—A. I offered you members to go down there and see what these boys are talking about, and what they are thinking about, why don't you accept the offer?

Mr. GILLIS: I will ask the chairman to take advantage of that offer.

By Mr. Gillis:

Q. May I put it this way: as a matter of fact, you are paying the 2,000 now at work in effect—according to the figures in your brief they are producing about two-thirds of what was produced last year and you are paying these men approximately 25 per cent more wages. Now, it is my impression that in one month on the basis on which you are paying them now with the production you are getting it would compensate for a large portion of the extra nickel the steel workers are looking for in wages. From the financial standpoint the company at the present time is spending as much money as would have settled this strike in the first place before it began. Have you given that any thought?—A. You are expressing your opinion, sir.

Q. I am asking you for yours?—A. I haven't any opinion on that.

Q. The only reason I ask you that is that this morning your position was very adamant with respect to ten cents, that you could not afford to pay any more, unless you got an increase in the price of steel. My summing up is that in fact at the present time you are giving much more than that ten cents in maintaining the plant with its present production, and financially that enters the picture, and your adamant stand on the ten cents I think does not hold water as an argument, because actually you are I think spending more money now than would have offset the strike. I will leave you to think that over. Another point I would like to bring up, the press carried a story last week with respect to church services that you endeavour to hold in the plant being stopped because clergymen were not permitted to go through the picket line. I would like to ask you a question on that particular point. When did you begin the forty-eight hour week?—A. The forty-eight hour what?

Q. Week.—A. Oh, in 1929 or 1930.

Q. For many years previously your employees worked seven shifts a week?—A. When I came there in 1919 one of the first things I did was to stop that.

Q. In all those years every employee worked seven days a week including the Sabbath?—A. All which years?

Q. All the years since the establishment of the forty-eight hour week.—A. No, they have not worked seven days a week, they have worked six days a week.

Q. You have no Sunday shifts on at all?—A. Yes, we have a Sunday shift on continuous operation.

Q. And there is a certain percentage of your employees who work on the Sabbath?—A. That is right, but they work from seven to three or from three to eleven and they have a chance to go to church either in the morning or in the evening.

Q. It all depends on their religion. If they happen to be Catholic, or obliged to go to church in the morning, they would not get the benefit of the service.—A. They don't have to go then, they can go at six o'clock if they want to.

Q. Your Catholics would not be able to go to the regular service, they would not be able to take in the Sunday morning Mass, which is really an obligation with most of them. The point I want to bring out is that my impression of that story in the press tied up with this was that it was a fairly good publicity stunt for the Steel Company of Canada; that the pickets stopped the men from going to church, notwithstanding the fact that men had been working on Sunday in your plant for many, many years, a certain percentage of employees were obliged to be there on Sunday, and in all that time you made no attempt to hold services for them.—A. I must say that I resent that implication, that we did it for propaganda purposes.

Q. That is my impression from the story in the press.—A. I resent that statement very much.

Q. I do not think, perhaps, that the company would do that, but if they did, I would think it was pretty cheap publicity. Getting away from that for a moment, I was interested in listening to the financial situation of the company. There are a few questions I would like to ask on that matter. Your company has paid dividends consistently for many years?—A. Yes.

Q. You also said that the company had ploughed funds back into the plant itself. Your plant is more efficient now than it ever has been before?—A. Yes, and our people are getting better pay and better working conditions.

Q. Is not this the position, you had assistance from the Dominion government in expanding your plant?—A. We had less assistance from the Dominion government than you would expect. We only had special depreciation, which was general from one end of the country to the other in every industry I know of.

Q. Your improved condition in the plant is due to government assistance?—A. It is only a small proportion of the expenditure we had to put in the plant.

Q. Is it not also due to the very large volume of war goods?—A. We had a lot of business, and so did everybody else.

Q. So the war and the Dominion government are partly responsible for the increased earnings?—A. Our earnings were less last year than they were in 1939.

Q. Of course, the productivity of your workers was responsible for that position?—A. They have much better tools to work with so that they can do a better job.

Q. Even with better tools, if they were not good workers, the tools would not be much good to them?—A. You are absolutely right. I think we have a swell bunch of workmen at Hamilton Works.

Q. What was your production in 1939?—A. About 500,000 ingots.

By Mr. Maybank:

Q. For a week?—A. No, for the year.

By Mr. Gillis:

Q. How many workers were employed in the plant?—A. About 3,000.

Q. What was your payroll at the Hamilton Works?—A. I gave you that for the first quarter in the testimony yesterday. For the first quarter of 1939 it was \$970,000.

Q. What was your production in 1945?—A. About \$1,800,000.

Q. What number of workers were employed there then?—A. I have to give you an average for the first quarter. These are the only figures available. 4,798.

Q. And your payroll in 1945?—A. \$2,414,000.

Q. After paying all taxes, what were your net profits in 1939 for The Steel Company of Canada?—A. I won't be able to give you that figure exactly. If you want an approximation, I will try to arrive at it.

Q. An approximate figure will do.—A. It would be about \$4,500,000.

Q. And after paying your taxes, how much in 1945?—A. \$4,159,000.

Q. You made a net profit in 1945 before you were granted a \$5.00 a ton increase per ton?—A. That is right.

Q. Your net profit in 1945 was more than sufficient to maintain dividends at the same rate as in previous years?—A. Yes, our dividends have remained about the same. A great deal of money has been put back in the plant. That has resulted not only in better wages but jobs for a lot more men in the city of Hamilton.

Q. This \$5.00 a ton increase in price of steel will net you about \$5,000,000, and, of course, in addition to that the federal taxes to your company will be reduced this year?—A. No, I do not think so.

Q. It is in this year's budget?—A. It is for next year. May I repeat? Mr. Gillis said our corporation tax would be less than last year. My understanding is that the reductions in the last budget do not apply until next year, and since we were not in excess taxes last year, it will be the same.

Q. With regard to the Steel Workers' Union, what do you say as to your net profits previous to this \$5,000,000 gift from the government?—A. Wait a minute!

Q. It was sufficient to maintain your dividends and profits in the previous years?—A. No, I told you our profit last year was so much and our costs are increasing right along, and what our profit this year is going to be, I do not know. All I say is that we get that much more money out of our out-put to pay expenses, which will be higher than last year.

Mr. MAYBANK: Mr. Gillis spoke of a \$5,000,000 gift from the government. Is that what Mr. Gillis said?

Mr. GILLIS: Yes.

Mr. MAYBANK: That is the first time this has come out, and I want to know if there is any gift of \$5,000,000 from the government.

Mr. GILLIS: It is a matter of interpretation.

Mr. MAYBANK: This is a material thing. If it is a gift, we should know.

The WITNESS: I think what Mr. Gillis means is that the raising of the price of steel was satisfactory to the Wartime Prices and Trade Board, and that it was some kind of a gift. Is that correct?

Mr. GILLIS: Yes.

Mr. GILLIS: What I was driving at, Mr. Maybank, in Mr. Hilton's evidence and the examination of the document that he filed with us, particularly the one that shows their position with respect to profits and dividends over a long period of years, show that the financial structure of the company has been fairly stable. If that appeared before the Wartime Prices and Trade Board, then I would not see any reason for raising that price.

Mr. MAYBANK: My remarks were not to show whether the price increase was justified or not justified. This was the first time I had heard that a gift of \$5,000,000 had been given, and I wanted to make sure that everybody was talking about the same \$5,000,000. As long as that is perfectly clear, Mr. Gillis can call it a gift, or anything else.

Mr. GILLIS: I am referring to the increase in the price of steel. I had my mind clarified on that. I am not doing this to be mean.

By Mr. Gillis:

Q. If the financial position of the company with respect to profits and dividends was as indicated by the evidence submitted by Mr. Hilton, and with this additional increase in the cost of basic steel, and tax relief in 1947, I think the company's improved position is such that a 19½ cents an hour increase in wages in that plant would not, in any way, endanger the financial structure of that company?—A. That may be your opinion, but I am the fellow who is responsible for it in the last analysis. I have already pointed out in my evidence that we have an increase of over \$2,500,000 in wages and I pointed out that coal has gone up forty cents a ton and that pig iron has gone up and that freight rates have gone up and are going up again.

Q. In other words, everything has gone up except wages?—A. Wages have gone up 35 per cent, and we have another 10 cents, and that brings it to 60 per cent above the basic wage before the war.

Q. These increases you mention in materials are recent rises?—A. Yes; they have taken effect since this.

Q. Everything has gone up except the wages of workmen?—A. We have offered 10 cents an hour, you know.

Q. On page 20 of your brief you state that you have recently built a hot strip mill at a cost of \$10,000,000?—A. Yes, that is right.

Q. Did you have money necessary for this project, or did you float a new loan?—A. No, we saved it.

Q. You did not have to raise new capital?—A. No.

Q. You had that \$10,000,000 in reserve?—A. We could have paid it out, but instead of paying it out, it has been the policy for a number of years past not to spend it all. We have been in the sheet metal business since 1918 and had we not built that mill, we could not compete in the sheet metal business.

Q. Sir, have you any intention of selling your products abroad?—A. Yes, if and when our domestic market cannot absorb our products any further.

Q. Have you any export orders?—A. Perhaps one per cent.

Q. There is a heavy demand for steel in the foreign markets?—A. Yes.

Q. And you can get better prices than you can get here?—A. Yes.

Q. You do expect to take advantage of foreign markets sometime in the future?—A. We will cross that bridge when we come to it.

Q. There is another point I would just like to mention to you. I would like to have your confirmation of the press reports. It has been suggested that there has been considerable beer and liquor in your plant since the beginning of this strike. Is that true or not?—A. I don't think I look stupid, and I hope I am not stupid. To begin with, to put beer in that plant under those conditions would be the craziest thing I could possibly do. We are doing everything we possibly can to prevent such a thing. You know, and I know and everybody knows that there would be a certain amount of bottlegging, and that applies to your picket line, too. Three representatives of the Hamilton police force spent all day yesterday looking for liquor, and could not find any.

Q. I have seen strikes like this before, and I know the damage that can be done.—A. That is the last thing we want to have anything to do with. You may rest easy on that, as far as our policy is concerned.

Q. With respect to the workers now in the plant, in addition to the regular wages they were paid previous to the strike, are you also paying this 10 cent an hour increase that was offered to the union?—A. We will pay them the established final settlement, and I expect it will be 10 cents an hour.

Q. You hope. On the question of these employees in the plant, when the union finally settles the question they will be paid whatever increase the union secures, and it will be made retroactive to July?—A. Yes, July 1, we said.

By Mr. Case:

Q. Mr. Chairman, I would like to ask Mr. Hilton about something on page 4 of his brief, near the bottom of the page:—

In 1919 a non-contributory pension plan was inaugurated to the support of which, up to date, the company has irrevocably transferred \$4,346,120. Under the provisions of this plan there are 210 retired employees now receiving pensions.

Would you tell the committee what the average pension is that these 210 men are receiving?—A. It would not be far from \$40.00 a month.

Q. Would you say, sir, what benefits accrue to the pensioner who does not survive to the final pension date? Would he have any claim on the pension?—A. No.

Q. In other words, any benefit he would receive in that way is taken care in the following page through the death benefits?—A. No, the two plans are separate and distinct.

Q. I mean death benefits as on page 5—A. Yes, group insurance.

Q. The group insurance that the company provides is \$500.00. The workman contributes to another \$500.00 if he wants a \$1,000.00 policy?—A. Yes, he contributes about 30 cents a month.

Q. What I would like to ask you about now has to do with the profit-sharing plan the Steel Company of Canada had some years ago?—A. I do not think we had a profit-sharing plan, in my recollection.

Q. That was covered in your Christmas bonus?—A. At times when we have had temporary bulges in finances, we have made special distributions.

Q. There was no set practice?—A. No.

Q. Just as a result of good management you have turned back bonus cheques?—A. Yes, sometimes one week's pay; sometimes two weeks' pay and sometimes three weeks' pay. As I say, we call it a special distribution, sometimes one week, sometimes two weeks, sometimes three weeks.

Q. But never at any time then have the workers or employees shared in the profits of the company?—A. Only so far as good wages and the permanent things that we felt would benefit them were concerned.

Q. Have the employees any representation on your Board of Directors?—A. No.

Q. And they never have had?—A. No. Might I go back to your profit sharing. I might say that there have been a number of schemes tried. One of the most carefully worked out was tried by Westinghouse Electric in the United States. Almost without exception those plans have not been satisfactory over a period of time. They have been eminently satisfactory when profits are increasing, but not so satisfactory when profits are decreasing.

Q. I take it then, from your knowledge and experience, that you have given some consideration to the possible results?—A. We have.

Q. But it has never appeared to be feasible to you?—A. Not as something which would produce good relationships.

By Mr. MacInnis:

Q. Would you file with the clerk the regulations or the by-laws of your own pension plan?—A. Gladly; I have not any here, but I will send them.

Q. Is the pension fund solely in the control of the company?—A. The fund is irrevocably controlled by the trustees.

Q. Who are the trustees?—A. The trustees are employees of the company.

Q. You will file the names of the trustees along with the pension plan?—A. Yes, sir.

Mr. ROBINETTE: We had better file that as Exhibit No. 9.

By Mr. Case:

Q. Have you a fixed date for retirement?—A. We do not have any; they can be retired at their own request or at our discretion at any age over sixty-five.

Q. Sixty-five?—A. Sixty-five or over.

Q. If a man works beyond that age, his pension would increase somewhat?—A. No.

Q. His expectation of life is less.—A. Yes.

Q. And it seems to me that if a man works until he is sixty-five, he should have some claim upon the fund?—A. No, I do not think so, sir. This is supported entirely by the company in order to take care of fellows when they are not able to work.

Q. The only advantage would be retirement. He would really be better off to work on?—A. Naturally. As long as a man is able to work and wants to work, his earnings are going to be greater than under any retirement scheme. We have those who want to retire since they are sixty-five, and we have others who do not want to do so. I do not want to chase a fellow out if he wants to keep on working. You asked some questions about our benefit plan. I have a copy of our regulations of that also which I will file with the secretary.

The CHAIRMAN: That will be Exhibit 10.

By Mr. Archibald:

Q. Arising out of a question asked yesterday of Mr. Millard, I would like to ask you a similar question. Has your company ever made contributions to a political party?—A. I don't know what that has got to do with this inquiry.

Q. I do not know either, but I just want to make it even, that is all.—A. That has got nothing to do with the matter of wages.

By Mr. Gillis:

Q. Mr. Millard was questioned on that point at great length.

By Mr. Case:

Q. My question had no relationship to this whatever. I had no objection to a party doing so if there is on the record a resolution under the by-laws that deductions can be made from the workers' pay for the benefit of a political party. That is done by a majority vote of the local union. I do not say that there is any relationship.

Mr. MACINNIS: The point that this is deducted from the workers' pay is altogether wrong. That is a private matter of the union and it has no business to come in here; but since it has come in here, with no objection raised by our honourable friends, we want to know if your company makes contributions or donations to political parties. My friend, when he raised the question, said that a political party had a financial interest in the union because of its contribution of 24 cents per member. Now, we want to know if our honourable friend's political party has an interest in this company because of the contributions they have made. We cannot have one law, or sauce, for the goose and another one for the gander. We want the information.

Mr. BEAUDOIN: Who is asking the question now?

Mr. MACINNIS: I am asking it for Mr. Archibald.

The WITNESS: I said that it had nothing to do with the question of wages. This committee is to consider wage disputes.

Mr. MACINNIS: I would agree with you, and I would like to leave it at that.

The WITNESS: Why don't you then?

By Mr. MacInnis:

Q. I assume your refusal to answer my question is that you do make contributions to political parties. That is what I take from your refusal to answer my question.

The CHAIRMAN: Order, please. The witness should know that this committee, just as any other committee of the House, has in itself no power to force a witness to give an answer, if the witness refuses to testify. The only course to be followed is for the chairman, on a motion of the committee, to make a report to the House which, in the final analysis, decides. So I want to make this position clear, not only for Mr. Hilton, but for any other witness who may come here; that if he refuses to testify, the committee here may move a motion so that the chairman may report to the House and if the committee decides that I have such a report to make to the House, I will abide by its decision. This is the position of a witness before our committee.

Mr. MACINNIS: I again ask the witness will he answer the question?

Mr. SMITH: I think we should rule on it. The position taken is entirely irrelevant to our inquiry. I think you should rule on it, Mr. Chairman. If it is relevant, then the witness should answer; but if it is irrelevant, then the witness should not answer.

Mr. CROLL: Mr. MacInnis is quite satisfied to have "no" as an answer, or to take "no" as an answer. No one can stop Mr. MacInnis or stop the public from drawing whatever inference they want. I would not be surprised if they draw Mr. MacInnis' inference. The witness says he does not want to answer the question.

Mr. SMITH: You are saying that two wrongs make a right.

Mr. MACINNIS: You should have got up yesterday and said that.

Mr. SMITH: No, you should have got up and said it.

The CHAIRMAN: Order, order, order, please.

Mr. MAYBANK: Mr. Chairman, I think there is some slight difference, but a very slight one, between what came up yesterday and what has been proposed today. Mr. Case's question yesterday really went to a question of affiliation and deduction from dues, and that sort of thing within those unions. I think, however, that the difference is a very slight one. So far as I can see, there should not be any objection to the question, and to the question being answered. I must say that if I were in Mr. MacInnis' position, and a refusal to answer was given, I would certainly draw the same conclusions that he says he will draw. I do not know whether it is a question that requires the witness to answer. I do not think the committee has power to do that, but it seems to me I would want to record my opinion for whatever it may be worth, that there is nothing inherently wrong with the question. It is a well known fact that large numbers of people make political contributions. Artificial persons like companies do it, and natural persons do it. The effect of making contributions carries no stigma. In fact, I have heard people say that they regard the making of contributions to parties as a part of the natural democratic process, and that meetings at election times and that sort of thing cannot be held without it. I think the question has no impropriety in it, nor should the answer be refused.

The WITNESS: If the committee feels the question should be answered, yes; we make contributions to political parties.

By Mr. MacInnis:

Q. Would you have any objections saying to which political party?

Mr. BEAUDOIN: That was not asked yesterday. I do not think that that question was asked yesterday. No questions were asked as to what political

party the contributions were made, and no question was asked as to the amount.

Mr. MACINNIS: Yes, the amount and the political party were mentioned by Mr. Case. Nobody asked the witness if he had any objection to naming the political parties to whom contributions were made.

The CHAIRMAN: Order, please. My recollection is that yesterday there was no definite answer from the witness on the stand as to the name and the amount, the name of the party and the amount of money contributed to the political party. If Mr. MacInnis desires to stay within this scope, I would permit the question; otherwise I will declare it out of order.

Mr. CROLL: Let us see the record.

Mr. CASE: I would draw the attention of the committee to the fact that Mr. Millard did say that I might get my answer if I asked the C.C.F. That is on the record.

Hon. Mr. MITCHELL: Isn't this committee an Industrial Relations Committee? I thought the question asked by Mr. Case was an unfortunate one yesterday. It is the business of the Trade Union what it does with its funds in that manner. I agree with that. But first and foremost, this is a committee on industrial relations. Now, if Mr. Case and Mr. MacInnis want a committee on campaign funds, then let us have one and take a good look at it. Let us be sensible and keep our feet on the ground and deal with the issues we are expected to deal with, that is, the operation of the industrial structure of this country.

Mr. MACINNIS: I did not bring this matter up; I just serve notice on this committee and on the members of the committee that if they wish to delve into things, there is nothing that I am not prepared to delve into as well, no matter what it is. If Mr. Case wants the name of the party to which the contributions are made, all well and good, as far as I am concerned. But I will draw my own conclusions if it is not given.

Mr. SMITH: I hoped we were in the picture.

Mr. MACINNIS: I am glad you are.

Mr. SKEY: Going back to last March, when the Steel Companies were represented here in Ottawa, asking for an increase in the price of steel, may I ask you, were you with that committee or delegation that came to Ottawa to interview the Wartime Prices and Trade Board?—A. I do not recall that I ever talked with the Wartime Prices and Trade Board in any committee. I only talked to them as representing my own company.

Q. You came to Ottawa to see them?—A. Yes.

Q. About the price of steel?—A. Certainly.

Q. Did you come with a prepared rate?—A. I came with the figures that the Wartime Prices and Trade Board required.

Q. And only the figure which you brought with you led you to make the estimate of \$2,500,000 as a possible reserve fund for increases in wages during the coming year?—A. Did you ask whether?

Q. I am asking if you brought that figure with you?—A. To Ottawa?

Q. Yes.—A. In connection with the Wartime Prices and Trade Board, yes.

Q. And you placed that before the chairman of the Wartime Prices and Trade Board, that figure of \$2,500,000?—A. The figures were filed with the Wartime Prices and Trade Board.

Q. And you went before the chairman of the Wartime Prices and Trade Board with that figure?—A. Amongst others. I was there so often that I don't remember whether it was I or Mr. McCutcheon or Mr. Spencer or who it was.

Q. That figure was submitted to the Wartime Prices and Trade Board?—A. Yes.

Q. Did you have any discussion with the Department of Labour at that time?—A. I usually drop in to see them when I come to Ottawa. Probably I did.

Q. Did you mention that you were making this estimate of increased labour costs for the coming year?—A. I imagine so; I certainly asked them what conditions were going to be.

Q. And they knew you were here to apply for an increase in the price of steel, and were making an estimate of increased labour costs?—A. I imagine so.

Q. I have one other question. It has to do with the food that is going into the plant at Hamilton at the present time. Are you feeding your workers in the plant?—A. Yes.

Q. Meat?—A. Yes.

Q. Sugar?—A. Yes.

Q. Butter?—A. Yes.

Q. Did you get a special release from the government to have this food brought in, or are you collecting ration coupons?

The CHAIRMAN: Order, please. I do not think this has anything to do with the investigation.

Mr. ROBINETTE: Mr. MacMillan.

The CHAIRMAN: Mr. MacMillan of the Algoma Steel Corporation is here.

Mr. CROLL: I think something may arise as a result of the other evidence that may come before us upon which we may want to ask Mr. Hilton some questions; I think he ought to make himself available to us.

The WITNESS: This morning there were two questions asked me which I could not answer because I did not recall the information. But since then I have obtained the information. One question was whether we have a collective bargaining agreement at our Gananogue works. I find we have one which was signed on the 4th August, 1945, by the local committee including an international officer. It does not include any union security clause. I have here the original as well as a copy.

By Mr. Homuth:

Q. I could not hear what the witness said.—A. You will recall this morning there was a question about a conciliation board at the Gananogue works. Mr. MacInnis asked if we had an agreement there and I said I did not know. Now I find we have such an agreement which I have in my hands here, and which was signed by an international representative as well as by the local committee. It does not include any union security clause.

Q. There would be no other agreement now?—A. That is right.

Mr. ROBINETTE: That will be exhibit 11.

The WITNESS: I was also asked whether I knew of any labour agreement which included a non-strike clause. I have been handed this copy of the Algoma agreement which includes such a clause.

Mr. ROBINETTE: The Algoma agreement will be exhibit 12.

By Mr. Croll:

Q. One further question before you go, Mr. Hilton. Now that the air has been cleared up a bit, if this committee makes a request, are you prepared to sit down and try to solve your problems with the union?—A. We have been doing that for six months.

Q. Now and here, I mean?—A. Not unless I get some intimation that they are prepared to come down off the arbitrary position they have taken. If they do so, very well, we will.

Q. If this committee requests it, are you prepared to sit around the table with the unions for the purpose of trying to solve your present controversy?—A. I am prepared to negotiate the relations of the Steel Company of Canada with the union at any time.

By Mr. MacInnis:

Q. I have one other question. On page 10 of the brief filed yesterday, giving some examples of the difficulties of carrying on business or negotiations with the steel company with the steelworkers, you said, as an example, that the union insisted upon the deletion of the non-strike clause during the term of the contract under this new agreement:—

They refuse to agree to a clause prohibiting strikes over wages and hours of work while the present wage ceiling, imposed by the government, prevailed.

Was that refusal unconditional; I mean, by the steel workers? Did the steel workers' representatives agree to bargain on that, to give them something for something that you wanted?—A. I cannot answer that because I was not present at those negotiations, and I am simply stating the report that came to me.

Q. It is hearsay then in this brief?—A. No, it is not hearsay, it is a report to me by my officers.

Q. That is hearsay. The chairman said that he would not allow hearsay and now we find hearsay in the brief. Here it is put before us as evidence. This is a statement with regard to the difficulty you are having with the union.—A. If I file a press despatch covering that, will that be satisfactory.

Q. No. I want to ask a question about it. Did the union agree to put a strike board clause in the agreement provided they were given new security?—A. Not that I know of.

Q. That never came to your attention?—A. No, sir.

By Mr. Moore:

Q. I would like to ask a question in connection with page 4 of the brief where you referred to "a high official of a British union embracing the steelworkers stated—"; can you tell us the name of that high official?—A. I cannot tell you his name. He was one of the representatives at the International Labour meeting in Cleveland not long ago.

By Mr. Gillis:

Q. Before you go, there is this question of differentials, brought up I think by Mr. Smith. Is it not a fact that the union has agreed in negotiation to drop this question of differentials?—A. If they have, I was not told it.

Q. I do not think your negotiators were keeping you informed. I just mention that because it is no longer part of this dispute. You mentioned also that the night shift differentials had been abolished by an American company as being unsatisfactory?—A. Yes, sir.

Q. Was that Wierton?—A. That is right.

Q. You are aware, of course, that the Wierton Company at the same time granted a wage increase to 22½ cents an hour which is 4 cents an hour more than the 18½ cents granted generally.—A. That may be true.

Q. They allowed four cents extra because of the abolition of the differential.—A. That may be true.

By Mr. Baker:

Q. Should the union and your company try to get together, would you be present there yourself; because sometimes it makes a lot of difference when personalities can meet. I notice from the evidence that you were not present at a good many of these meetings. Would you be there yourself; I mean, that very often helps matters out, in my opinion.—A. If I can do so I would, yes.

The CHAIRMAN: Mr. Hilton desires to know if the committee will allow him to go to Hamilton, or if you want him to remain here at your disposal.

Mr. CROLL: I think he had better be here until we finish the evidence, the next two or three days, until we hear the other steel companies. I think it would be to Mr. Hilton's advantage to remain until we have heard from Algoma and DOSCO and Mr. Justice Roach. We may want Mr. Hilton.

Mr. MACINNIS: Perhaps I shouldn't say this, but if Mr. Hilton wants to go to Hamilton and is prepared to come back here at the call of the committee—

The CHAIRMAN: On short notice.

Mr. MACINNIS: —there is no reason why we should not let him go. That is my view.

Hon. Mr. MITCHELL: That is fair.

The CHAIRMAN: Can you come on short notice, Mr. Hilton?

The WITNESS: It depends on when the notice is.

The CHAIRMAN: Mr. Hilton is ready to come back on notice of let us say a half a day, under those conditions we can release him; otherwise, I think it would be the wish of the committee to have Mr. Hilton on hand. Is that right?

The WITNESS: I am prepared to stay here if you want me to. I can assure you that I would get back in a hurry if you need me.

The CHAIRMAN: That is fair.

Mr. McIVOR: I think, Mr. Chairman, both the witnesses have shown they are not afraid to speak up against the best lawyers in this committee, and both of them have given us splendid service, and, if Mr. Hilton is prepared to come back again—stay home and be a good boy while you are away.

The WITNESS: Thank you.

The witness retired.

The CHAIRMAN: I now invite Mr. Gordon MacMillan, representing the Algoma Steel Corporation Limited, to take the stand.

Mr. Gordon MacMillan, representing the Algoma Steel Corporation Limited, called and sworn.

By Mr. Robinette:

Q. You are representing the Algoma Steel Corporation Limited, is that correct?—A. That is correct.

Q. And, could you tell the members of the committee what your official position is with the Algoma Steel Corporation?—A. I am a member of its executive committee and a member of its board of directors.

Q. And I understood you to tell me that you were also a lawyer?—A. Some people lay that charge against me.

Q. How long have you held an executive position with the Algoma Steel Corporation?—A. Oh, several years back.

Q. And, have you like the last witness prepared a written submission as to the position of the Algoma Steel Corporation in this matter?—A. I have.

Mr. ADAMSON: Would you please ask the witness to speak up. We would be very glad to hear him.

Mr. ROBINETTE: I will.

Mr. BEAUDOIN: Before the witness reads the brief would you ask him the same questions as were directed to Mr. Millard and Mr. Hilton, as to where he was born, and so on, so we will have it on the record now?

Mr. ROBINETTE: Yes.

The WITNESS: Well, the member has asked me to state as Mr. Hilton stated his ancestry and genealogy, and I will do so. I was born in the city of Toronto in 1888 and have been there ever since.

Mr. ROBINETTE: Now, Mr. MacMillan, I think the most satisfactory way would be for you to proceed and read your brief; and, please speak up so Mr. Adamson can hear you. This is a very bad room for acoustics.

Mr. SMITH: Mr. Chairman, there are about fourteen private conversations going on about the room. We can hear the witness if they stop.

The CHAIRMAN: Order, please.

The WITNESS: Algoma Steel Corporation, Limited, has never been a successful undertaking. The efforts of that pioneering giant, Francis Hector Clergue, who came to the Sault in 1894 and developed water powers, started a steel industry, built railways, and developed pulp, paper and various other industries, ended in complete calamity and the securities and obligations created at that time were not met.

In 1907 certain people in Britain bought up the Clergue wreck and spent about \$28,000,000, procured on the sale of bonds, in building up a steel industry. In the great railway building days of Canada there were profitable years, and some of these bonds were redeemed, but in 1932 there were still outstanding approximately \$21,000,000 of steel bonds which in that year went into default. These bonds recognized their hopeless position and voted in favour of a reorganization of the steel company by which all the bonds were written off and \$5,800,000 of the bonds got preferred stock at fifty cents on the dollar, which stock did not pay dividends until 1940. And the year of reorganization was 1934 and was completed in 1945. \$14,000,000 odd of bonds got common stock, which has not paid a dividend yet and the old common shares of \$40,000,000 which represented a vast sum in investment of U.S. money were wiped out altogether.

The money saved on bond interest went into the general coffers of the new company and has built up its present working capital. \$3,000,000 of new bonds were issued about eight years ago for extension of the company's enterprise. They have been paid off down to approximately \$1,500,000 still outstanding.

That is the financial history of the Algoma Steel enterprise and of the investments chiefly of Philadelphia and British capital.

In the period between May, 1935, and the entrance of Canada into the war the company's earnings were scant. Substantial earnings were made during the war because of the large volume of turnover and because of special prices for shell steel and some other war products. The company now finds itself in a straight jacket, necessitated by Canadian economy. Our capacity is 60,000 tons of steel and over, but we are permitted to make only 45,000 tons of steel. In the last month for which we have figures we made 42,000 tons. The steel we are permitted to make depends on the hot metal we can produce after making 18,000 tons of pig iron, which was not formerly an important business of ours. Our straight jacket is chiefly necessitated by the fuel requirements of the country and we are required to make coke for domestic purposes in large volume. This is not our usual business. Our coke is intended to be used in our blast furnaces, barring about 250,000 tons of coke a year which goes to the nickel companies. The result of this necessary straight jacketing of Algoma Steel is that we are unable to supply the natural demands of our customers for steel.

We are thinking of foreign orders which we have had to refuse and we do not expect them to return to us. The recovery of the world will find other more advantaged steel industries able to supply these demands at lower costs than we can. We are thinking at the moment of demands from Holland for sheet piling in connection with the repair of their dykes and canals. We are the only

makers of sheet piling in Canada. We are also thinking of the unlimited requests for slabs and billets from Britain which we have had to cut off in order to get into our straight jacket. We are not complaining about the straight jacket which Canadian economy seems to require. We are only stating its effect on our natural production and the loss of our steel customers at home and abroad because of it. As we said above, we lived through the years of war by volume and by special prices on shell steel and other special products which the government required. These requirements in prices and profits belong to the past but even with all these advantages throughout the war we did not make enough money to justify a dividend on the common shares which were exchanged for the \$14,000,000 odd of bonds formerly outstanding. There were actually \$21,000,000, but the common shares got what was allocated of the second mortgage bonds of \$14,000,000.

Our raw materials come largely from the United States. Our ore imports last year were 746,000 gross tons which they had grown to during the war years. All our coal comes from the United States. All our limestone comes from the United States. The price of ore last year increased twenty cents per ton, and this year fifty cents per ton over last year, making in the last two years a rise of seventy cents per ton. The increase in the price of coal last year was thirty-five cents per ton, and this year is sixty-four cents per ton, the two years together being ninety-nine cents per ton.

We will now benefit by the near parity of the Canadian dollar. It will still cost us half a dollar to buy American dollars. The increase in purchasing power in U.S. of the Canadian dollar and the cancelation of the War Exchange Tax makes a difference in our favour on these imports which is more than offset by the increased cost of our coal and ore, so we gain nothing from the increased value of the Canadian dollar.

The result on the sale of this parity is competition of American steels in our markets. In our chief markets for structural steels, American steels are now offered at \$5.00 below our price, which price was part of the advance asked from price control. Structural steel has never been profitable with us but we are now obliged to make it instead of rails and sheet piling on which we made a better profit. Our merchant mills are old and inferior to the mills of Canadian competitors and their costs are substantially higher. We have never made much money in merchant mill steel. We are not integrated in the sense that Steel of Canada is. They are, owing to sound policy for many years and the situation in the middle of the consuming market, at an advantage over us. In freight rates alone the advantage is from \$3.00 to \$5.00 per ton, and freight rates look like going higher.

In these circumstances we look into the future with very considerable trepidation. We like our employees. We have given them vacations with pay and in recognition of their union many of the advantages. We desire to continue our excellent relations with them but we cannot pay wages beyond our earning capacity. The offer of eight cents per hour for a 48-hour week was made by us taking the most hopeful view of the general economy of Canada and its anticipated future.

The company has a collective bargaining agreement with Local Union 2251 of United Steelworkers of America signed April 23, 1946, after the union made its present demands upon the company. The agreement does not deal with rates of pay but it does fix the hours of work at 48 hours a week. However, when the agreement was signed there was a written arrangement between the company and the union that the questions of rates of pay and hours of work were reserved for further negotiation. All other matters outstanding between the union and the company were settled by the agreement. The company has always adhered to the position that the Executive of Local Union 2251 at Sault Ste. Marie is the proper committee to represent the employees of the

company in negotiations. The last negotiations took place at Sault Ste. Marie on July 4 and 5, 1946, under the direction of Mr. Justice Roach, the commissioner appointed by the government. In the course of those negotiations the company first offered to increase the hourly wage rate of all its employees represented by the union by six and one-half cents. The union rejected this offer and submitted a counter proposal that the hourly rate of all such employees be increased by fifteen cents and that the hours of work be 44 hours a week with no overtime pay up to 48 hours a week during the first six months and with overtime pay at the rate of time and one-half for all hours worked above 44 hours after the first six months. The company is still under control of the government as to its production and it states that if the volume of production required by the government is to be maintained, an operation of 48 hours a week is essential. It is estimated that if the working week is reduced to 40 hours it will be necessary to employ about 700 additional men to continue the present volume of production and it is impossible to secure these additional men at Algoma. There is no unemployment at Sault Ste. Marie and no source from which the company can draw the additional employees. The terms of the union's counter proposal increasing the work week to 44 hours from their proposal of 40 hours indicates that the union recognizes the inability of the company to secure the increased manpower.

Having in mind this situation, the company then offered to increase the rate of all employees by eight cents an hour for the 48 hour week. The negotiating committee of the U.S.W.A. stated to the commissioner that it could not recommend the acceptance of this offer but no formal rejection has yet been received from the local union. However, Mr. Millard by telegram on July 12 advised the company that the National Advisory Committee of the U.S.W.A. concluded that no adequate offer had been received from any of the three companies involved and that all production work would cease at Algoma on July 15.

The union is demanding an increase of nineteen and one-half cents an hour in the rate paid to all hourly rated employees and is also asking for a reduction of the working hours from 48 to 40 hours a week. This demand, as stated by the union to the commissioner, is based on the findings of the Toronto Welfare Council that a minimum wage of \$33.60 a week is necessary for the maintenance of a family of five, being a husband and wife and three children. In so far as the findings of the council affect the company, two points should be considered. In the first place, the cost of living in the Toronto industrial area, to which the finding applies, is higher than at Sault Ste. Marie. Secondly, out of a total of more than 3,600 men represented by the union at Algoma, only 170 are married men with a family of three children or more and earning \$33.60 a week or less.

In this connection some further figures are interesting. The base rate now paid at Algoma is 64½ cents an hour, or at the rate of \$30.96 a week. The 8 cent increase which the company offered to its employees would increase the base rate of 72½ cents an hour, or a rate of \$34.80 a week, which is \$1.20 a week in excess of the \$33.60 minimum rate demanded by the union. The proposed 8 cent increase would give a minimum annual wage at the rate of \$1,809.60 for the full year. At present the average hourly rate at Algoma is 84 cents. The proposed increase of 8 cents an hour would give an average hourly rate of 92 cents or an average weekly rate of \$44.16, or an average annual rate of \$2,296.32.

A comparison of increases in wage rates since 1939 with increases in the cost of living is also interesting. In 1939 the base rate paid by the company was 41½ cents an hour, and by a series of increases this rate has been advanced to 64½ cents an hour, representing an increase of 55.4 per cent since 1939. In the same period the average rate has been advanced from 57 cents an hour to 84 cents, representing an increase of 47.4 per cent. The proposed increase of 8 cents an hour would represent an advance of 75 per cent over the base rate paid in 1939. According to the cost of living index of the Dominion Bureau of

Statistics the cost of living has advanced in the same period by about 22 per cent. The union contends that this figure is inaccurate and that the actual increase in the cost of living has been about 45 per cent. Accepting the union contention, the rates now paid by the company have advanced by a considerably greater percentage than the cost of living during the period since 1939.

It is a leading feature of the union demands that wage rates should be the same as Algoma, Stelco and Dosco. It has already been mentioned that the cost of living at Sault Ste. Marie is lower than in the Toronto area and the same situation exists with regard to Hamilton. Other important differences between Algoma and Stelco exist in the conditions applicable to those two companies and these have been acknowledged and set forth in detail in the statement submitted yesterday to your Committee by Stelco.

The union has made the statement that since 1939 production has increased in greater proportion than payrolls. Mr. Millard has placed on record certain tabulations purporting to illustrate this. From this he has concluded that per man production in 1939 was 67 tons annually as compared to 183 tons in 1945, and that labour cost of production per ton ingot steel decreased from \$18.00 in 1939 to \$13.00 in 1945. These figures are erroneous in that they compare two separate tabulations given to Mr. Justice Roach, the payroll being based on calendar years, and the tonnage tabulation being based on fiscal years. The conclusions drawn from such tabulations are inaccurate in that our payrolls cover other products as well as ingots but since Mr. Millard has placed his conclusions on record we show the proper results working with the correct figures.

- (1) With 2833 employees on payroll in 1939, per man ingot production was 100 tons annually.
- (2) With 4505 employees on payroll in 1945, per man ingot production was 125 tons annually.
- (3) Payroll divided by ingots in 1939 shows \$13.06 per ton as cost.
- (4) Payroll divided by ingots in 1945 shows \$15.65 per ton as cost.

These figures considerably alter Mr. Millard's conclusions.

In conclusion, the company considers that its offer of an 8 cent increase per hour to all its employees is a fair and reasonable offer and that in view of present conditions the company cannot afford to increase the offer.

By Mr. Robinette:

Q. Mr. MacMillan, there are a few questions arising out of the brief that I would like to ask you. Will you please look at page 6? You say that the company is still under the control of the government as to its production. Will you explain to the committee how that comes about, and what the explanation of that control is?—A. My understanding is that when the fuel crisis arose this spring, the government decided that we were faced with a very serious situation in Canada for the coming winter, and they said to the Algoma, which is a large producer of coke, "You must step down your steel production and devote your time to coke."

Q. It is in that sense that you make the statement that it is still under the control of the government as to production?—A. Yes.

Q. Does Algoma receive any subsidies or financial assistance from either the dominion government or the Ontario government?—A. In what way?

Q. In the way of subsidies, at the present time?—A. No.

Q. You indicated in your brief that the company has been unable to pay any dividends on the common stock. Can you assist the committee with figures as to profits made in 1944 and 1945? Were there any profits?—A. The company made some profits, yes. I have not got the figures at hand at the moment, but I will get our last annual statement. Our fiscal year ends April 30, and the statement has not been completed for the last year.

Q. Can you get us a statement for the preceding year?—A. Yes, I will be glad to get that.

Q. Looking at Exhibit 12, which has already been filed by a prior witness as an agreement between the Algoma Steel Corporation and the local union, I understand this agreement is dated the 23rd April, 1946, and it ran for the period of one year?—A. Yes.

Q. Do you know whether this was the first collective bargaining agreement with the local union?—A. There were at least two prior agreements made altogether as far back as 1940. I remember one of them.

Q. Was the local union certified by any labour board, or did you make the agreement voluntarily with the union?—A. The first agreement was made voluntarily before certification was the practice in the country. I do not think the union has applied for certification.

Q. I understand that this agreement, first of all, recognized the union as the sole bargaining agency, and in paragraph 2 it provided for deductions of union dues. In the language of the committee, that is the voluntary check-off?—A. As I understand it. I believe that once a man instructs us to make the deduction, he cannot withdraw that until 60 days afterwards.

Q. How long has that been in your agreement?—A. It was never in the previous agreements.

Q. Even before this actually was put into effect, it was the practice of the company to honour and recognize the protection of its employees as to check-off dues?—A. That is correct.

Q. I understand that also in this agreement, in Article 16 there was a strike ballot, which provides as follows:—

During the currency of this agreement no strike, general nor partial, and no work stoppage shall be called by the union unless the majority of the union membership covered by this agreement shall determine by secret ballot, held under the supervision of the Department of Labour for Ontario.

A. That is in the agreement.

Q. This agreement was signed in April of this year?—A. Yes, that is correct.

Q. Is there presently a strike at the Algoma Steel Corporation?—A. I have not been there since it took place, but I believe it is in operation.

Q. Do you know whether any secret ballot was held under the supervision of the Department of Labour for Ontario as required by the collective bargaining agreement?—A. No such ballot was held.

By Mr. Smith:

Q. May I ask a question, Mr. Chairman? I would like to ask you about two or three things, Mr. MacMillan, with a view to extending and explaining your brief. You say:—

The Algoma Steel Corporation, Limited, has never been a successful undertaking. The efforts of that pioneering giant, Francis Hector Clergue, who came to the Sault in 1894 and developed water powers, started a steel industry, built railways, and developed pulp, paper and various other industries, ended in complete calamity and the securities and obligations at that time were not met.

Why do you call this man an industrial giant?—A. There would not be the city of Sault Ste. Marie if Mr. Clergue had not started his venture. There are thousands of people living there, and we regard it as a promising industrial centre of the province.

Q. Those bonds you speak of where you say:

In 1907 certain people in Britain bought up the Clergue wreck and spent about \$28,000,000 . . .

Was there a bond issue for that \$28,000,000?—A. Yes, the \$28,000,000 was the money raised to buy out the company in the Sault. I think there was more money than that spent on fixing up the company.

Q. In this brief of yours, when speaking of bonds, were any of that issue for consideration other than cash?—A. No, absolutely not.

Q. They all represented real cash?—A. Yes.

Q. Please turn to page 2. You say: "\$3,000,000 of new bonds were issued about eight years ago for extension of the company's enterprise. They have been paid off down to approximately \$1,500,000 still outstanding." We go back to the previous page and see that you apparently had \$5,800,000 outstanding?—A. I think I must make that a little clearer. Before the receivership in 1932 the situation was this, there were outstanding then something around \$5,800,000 of first mortgage bonds and something around \$14,000,000 of second mortgage bonds, and then some stock. When the company went through this receivership, our company simply wiped out the common stock and that common stock represented cash, too.

Q. You are sure of that?—A. I am positive. It reads \$5,800,000 of first mortgage bonds to \$2,900,000 non-cumulative stock, and it also provided for the issue of common stock. I forget the number of shares, but I think there are around 400,000.

Q. We reach the top of page 2. All you had outstanding in bonds would be \$14,000,000, which was a second charge?—A. No, in 1932, it was \$5,800,000 first bonds and over \$14,000,000 in second bonds. When the reorganization took place in 1932 those bonds disappeared and the new common stock took their place and this \$3,000,000 represents a new issue of bonds in 1938 for a certain specific purpose at the Sault.

Q. In other words the \$3,000,000 was the only outstanding thing by way of bonds on the property at the time?—A. Outside of this \$3,000,000 in bonds, there were no bonds outstanding. It was only preferred and common stock.

Q. The \$3,000,000 were the only bonds outstanding at the time?—A. That is right.

Q. In the middle of the next paragraph you say:

Our capacity is 60,000 tons of steel and over, but we are permitted to make only 45,000 tons of steel.

Is that by reason of the instructions you have had to deliver coke to keep the people of central Canada warm?—A. That is correct.

Q. You say this: "This is not our usual business." That is in the fifth last line of that paragraph. Is not coke an economical success at the Sault?—A. It is not as profitable a line. I do not know what the profit is.

Q. Turning to page 3, I see that you use the word "sheet piling". Perhaps most of the members here will know what that is, but would you enlighten me as to what that is?—A. I think I could give you a more technical statement if I called on our expert. However, I can get that information later.

The CHAIRMAN: Will you present it in the form of a memorandum, please?

By Mr. Smith:

Q. Turning to page 4, the second paragraph. I know what you outline there is simple, but I do not quite understand it. In the second line you say: "It will cost us half a dollar to buy American dollars." What do you mean by that?—A. At the present time I believe we have got back to absolute parity in exchange. If we want to buy American dollars in Canada, we have to pay 50 cents per hundred for American dollars. It is just the bankers' way of putting it.

Q. It is one-half of 1 per cent?—A. Yes.

Q. Then you go on and you say, in the next paragraph:—

In our chief markets for structural steels, American steels are now offered at \$5 below our price.

What market are you talking about there?—A. I believe there is a market throughout southern Ontario. I do not know how far it extends, but there is a market for our steel there.

Q. Is it the simple fact that American steels are being sold for \$5 per ton in your own market less than your price?—A. That is what I have been instructed.

Q. Even with a \$5 increase given to you in April?—A. I believe it is.

Q. Are you sure?—A. It is a fact existing at the present time.

Q. What?—A. It has existed as a fact. They are selling \$5 below our price now, our present price.

Q. Is there American steel available for the market?—A. I believe so.

Q. Can they actually deliver it, or is this something theoretical?—A. I will inform myself on that.

Q. Thank you, I wish you would. I think it is rather important. Now, you speak of a differential against you as compared to the Steel Company of Canada of \$3 to \$5 per ton. How do you make that comparison? Have you simply taken the freight rate from the Sault to Hamilton, or how did you arrive at it?—A. I do not know in detail. We have computed it. I can give you the breakdown if you want it.

Q. Have you the person here who computed it and who could tell us about it?—A. Yes, I have.

Q. Who is the same gentleman to whom you referred a moment ago?—A. Yes.

Q. What is his name?—A. Mr. Holbrook.

Q. May that question be left to Mr. Holbrook, Mr. Chairman? This man does not know. Is that agreeable, Mr. Chairman? I do not want to waste time with things he does not know about. Then, turning to page 5, at the bottom of the page and the last sentence, you say: "The union rejected this offer and submitted a counter proposal that the hourly rate of all such employees be increased by 15 cents and that the hours of work be 44 hours a week with no overtime pay up to 48 hours a week during the first six months and with overtime pay at the rate of time and one-half for all hours worked above 44 hours after the first six months." Dating from when?—A. I presume if we had entered into an agreement at that time it would be from the date of the agreement. The negotiations were on July 5th, I believe.

Q. I know, but I observed on the previous page that your agreement was dated April 23rd 1946?—A. I think we explained, Mr. Smith, that the collective bargaining agreement itself left open the question of agreement as to rates, and that the agreement as to rates which was under discussion had nothing to do with the collective bargaining agreement itself.

Q. We have heard from Mr. Millard the suggestion given to your company that there should be a 44 hour week with an 8 cent raise ending on the 1st October, and beginning, I think, on the 1st April, if my memory serves me right. A 44-hour rate with 8 cents rise in wages, after that further period of six months on the basis of 40 hours, and on the basis of 15 cents raise per hour. You refer here and you say:

They submitted a counter proposal that the hourly rate of all such employees be increased by 15 cents and that the hours of work be 44 hours a week with no overtime pay up to 48 hours a week during the first six months.

Does your first six months correspond to Mr. Millard's first six months?—

A. I had no knowledge of any restrictive effect being placed on that offer. I was

absent when the negotiations took place and I do not recall that retroactive feature; so, if that is so, it is quite news to me that it should be retroactive until April. I may say that I was not here, but I did not know Mr. Millard had made that statement regarding Algoma.

Q. You had never heard it from any of your people.—A. No.

Q. All right, then; now, turning to page 7, after the word "children" I made a note of how many single men have you; but I think we have covered that. You say, in the bottom of that paragraph:—

Secondly, out of a total of more than 3,600 men represented by the union at Algoma, only 170 are married men with a family of three children or more and earning \$33.60 a week or less.

Can you tell us, of your 3,600 men, how many are single men?—A. I can get you that figure. I have it here.

Q. Shall I proceed while you are getting that figure?—A. Yes, if you will, Mr. Smith.

Q. At the bottom of the next paragraph you say:—

The proposed 8 cent increase would give a minimum annual wage at the rate of \$1,809.60 for the full year. At present the average hourly rate at Algoma is 84 cents.

What is your base rate there?—A. 64½ cents.

Q. How many of your employees does that base rate cover?—A. This statement we are getting on your other question will answer that as well.

Q. Mr. Holbrook will also be able to give us that?—A. That is correct.

Q. Thank you. I think you should have introduced him to me. Now, you say here on page 8:—

It has already been mentioned that the cost of living at Sault Ste. Marie is lower than in the Toronto area and the same situation exists with regard to Hamilton.

What is the difference in the cost of living?—A. That is, do you mean in dollars and cents?

Q. Yes?—A. Well, I think that is a pretty difficult question to answer. I based that statement on the only evidence I have which is that of the royal commission which was appointed in 1942 to inquire into the situation at Algoma and at the Dominion Steel. Judge Barlow was the chairman and there were two other members, one who represented labour and one who represented the companies. Evidence was adduced as to the comparative cost of living, evidence with regard to Hamilton cost of living, and evidence with regard to the Sault. My recollection is that the findings of the Barlow Commission were that the cost of living was higher in Hamilton. They did not venture to say how much; but it was a well known fact. The figures were very considerably higher in Hamilton. I believe food was somewhat higher. The only item that was not higher was fuel because the winter is somewhat longer at Algoma; but that fact is somewhat offset because the company supplies coke to its own employees at a reduced price and that keeps their cost down.

Q. You are unable to give us in terms of dollars and cents what that difference was?—A. We could still supply the costs of commodities in each of those two places; it could be procured.

Q. That was a royal commission?—A. Yes, it was the royal commission sitting in 1942 and 1943 investigating wages at both the Sydney and the Algoma plants.

Q. Was it a dominion or a provincial commission?—A. It was a dominion commission.

Q. It was a dominion commission?—A. That is correct.

Q. We could no doubt find that for ourselves. That is generally known as the Barlow Commission?—A. It is generally known as the Barlow Commission, yes.

Q. Now, you stated in answer to Mr. Robinette that you received no government help during the war years?—A. No, that was not Mr. Robinette's question as I understood it.

Q. You said at the present time?—A. Yes.

Q. Then you did receive some assistance during the war years?—A. That is correct.

Q. What was that for, expansion and modernization of the plant?—A. It was for the purpose of providing or manufacturing war materials that the government required.

Q. Would I be right in saying an expansion of the plant?—A. I do not believe that is the result or because of what the government did for us. The government did not give us anything. We built our own expansion and our billet mill and we got certain special depreciations which assisted us over a period in paying off a part of the cost.

Q. It was done on a special depreciation, was it?—A. Yes.

Q. How many employees have you got at the present time?—A. I would say about 4,500; it shifts around from time to time.

Q. What has been your peak in the last few years?—A. I think it got as high as 5,100 for a very limited time.

Q. Now, to say something complimentary to you, you have got a pretty big blast furnace?—A. We have got a pretty big blast furnace.

Q. Is it the biggest blast furnace in the British Empire?—A. I believe so.

Q. Was it in operation prior to the walkout or strike?—A. Oh, yes, it has been in operation; but I would qualify that statement in this way: it was not given to us, that blast furnace.

Q. It was not what?—A. It was not given to us by the government. I thought you said that we had one and I wanted to make that clear.

By Mr. Gillis:

Q. I would like to pursue the question asked by Mr. Robinette. The impression I got from Mr. Robinette's question, or rather your answer, was that your present difficulty at the Sault with regard to the strike might be considered as a violation of article 16 of your agreement. I want to draw the attention of the committee to page 5 of your brief where you explain very specifically when you say, "The company has a collective bargaining agreement with local union 2251 of United Steelworkers of America signed April 23, 1946, after the union made its present demands upon the company. The agreement does not deal with rates of pay but it does fix the hours of work at 48 hours a week. However, when the agreement was signed there was a written arrangement between the company and the union that the questions of rates of pay and hours of work were reserved for further negotiation." I take it from that statement in your brief that the present strike at the Sault in no way contravenes article 16 of the present agreement?—A. I did not intend to convey that by my statement. It may be a lawyer's question, but my recollection is that there was to be a strike vote taken at the Sault before that agreement was signed. My own view, if I may speak out of my role as a layman for the moment, is that in all probability a strike vote should have been taken regarding that agreement and any differences that arose afterward. The arrangements regarding wages and hours of labour were written arrangements between Mr. Jolliffe and myself and were attached to the agreement before the union or the company signed it. I believe that a strike vote should have been taken.

Q. That is not the opinion you expressed in your brief. What I want to get clear is that the present difficulties there do not contravene section 16

of this agreement because in your brief it is indicated to me that your union signed an open end agreement on the question of hours of work and wages and that the vote taken previous to the signing of this agreement, which was signed in April, was a vote that was taken under this clause relative to the hours of work and wages?—A. Well, I cannot see how that could be if it was taken prior to the agreement.

Q. But it was on the question of hours of work and wages?—A. I would think that if the union intended that clause not to operate on either hours of work or rates, they would have expressly stipulated that in the arrangement. We thought that a strike vote would be taken.

Q. The reason why I got up now was to clarify that in my own mind because I think Mr. Robinette left it sort of hanging in the air. I am quite satisfied with the statement made in your brief that so far as the agreement is concerned it has not been contravened.

The CHAIRMAN: The committee is now adjourned until to-morrow at 11.30 a.m.

The committee adjourned at 5.25 p.m. to meet again to-morrow, Wednesday, July 24, at 11.30 o'clock a.m.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE
ON
INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

WEDNESDAY, JULY 24, 1946

WITNESSES:

Mr. Gordon McMillan, Director, Algoma Steel Corporation, Limited,
Sault Ste. Marie, Ont.

Mr. Clement Anson, General Manager, Sydney Steel Plant Division,
Dominion Steel and Coal Corporation, Sydney, N.S.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946

MINUTES OF PROCEEDINGS

WEDNESDAY, July 24, 1946.

The Standing Committee on Industrial Relations met at 11.30 a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs, Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Howe, Johnston, Lalonde, Lapalme, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Raymond (*Beauharnois-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

The Chairman read the Fourth Report of the Agenda Committee recommending that Mr. Justice Roach be heard immediately after the representatives of the Steel Companies have completed their evidence. On motion of Mr. Croll, the report was adopted.

Mr. Gordon McMillan, Director, Algoma Steel Corporation, Limited, was recalled and further examined. He filed:

Exhibit No. 13—Tenth Annual Report, Algoma Steel Corporation, Limited, for year ended April 30, 1945.

Exhibit No. 14—A Report to Employees, by Algoma Steel Corporation, Limited, for year ended April 30, 1945.

Exhibit No. 15—Eighth Annual Report, Algoma Steel Corporation, Limited, for year ended April 30, 1943.

Exhibit No. 16—Statement giving the definition of Sheet Piling.

Exhibit No. 17—Statement re American Structural Steels.

Exhibit No. 18—Statement re Freight Differentials against Algoma.

Exhibit No. 19—Statement giving number of single men represented by the Union as being 863.

Mr. McMillan was retired subject to recall.

Mr. Clement Anson, General Manager of the Sydney Steel plant division of the Dominion Steel and Coal Corporation, Sydney, Nova Scotia, was called and sworn.

Mr. Anson read part of a prepared statement.

At 1.00 o'clock, p.m., the Committee adjourned until 3.30 p.m., this day.

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. Lalonde, presided.

Members present: Messrs, Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Johnston, Lalonde, Lapalme, Lockhart, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. Croll moved that two union and two non-union steel-workers be called to appear as witnesses before this Committee, and that their expenses be paid. After considerable discussion, on motion of Mr. Johnston,—

Resolved,—That this matter be referred to the Agenda Committee.

Mr. C. H. Anson was recalled. He resumed the reading of his prepared statement and was questioned thereon. Mr. Anson filed:

Exhibit No. 20—Chart showing relation between wage increases received by Sydney Steel plant employees and wage increases of average Canadian manufacturing employee.

Exhibit No. 21—Chart showing relationship between “minimum base hourly wage rate”, “average hourly earnings per year” of Sydney Steel plant employees and cost of living index.

The Committee agreed that these two exhibits be reproduced and appear, as soon as possible, in the minutes as appendices to Mr. Anson’s evidence.

Mr. Robinette, of Counsel for the Committee filed:—

Exhibit No. 22—Copy of “Trade Union Act”, Chapter 6. of the Statutes of Nova Scotia, 1937.

Distribution was made to the members of the Committee of a reprint from *Labour Gazette*, January, 1946 “Award on Issue of Union Security in Ford Dispute”, Decision of Arbitrator, Mr. Justice Rand.

Mr. Anson was retired until Friday, July 26.

The Committee adjourned at 5.30 p.m. until Thursday, July 25, at 11.30 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
July 24, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Gentlemen, your agenda committee met this morning.

As a fourth report, your agenda committee recommends that Mr. Justice W. D. Roach be heard immediately after the representatives of the steel companies have completed their evidence.

MAURICE LALONDE,
Chairman.

Mr. CROLL: I move the adoption of the report.

Mr. GIBSON: I second it.

Carried.

Gordon McMillan, Algoma Steel Corporation, recalled.

By Mr. Robinette:

Q. Mr. McMillan, I just want to ask you one or two questions. What is the view of the Algoma Company as to the suggestion made by the union that the steel industry should be dealt with on a national basis; that is to say, in effect, that the union should negotiate with the three companies together?—A. The position of Algoma on that is indicated in our brief, and it is to the effect that we consider that the differences in various matters between the three companies in relation to their employees and in relation to their production are such that they are not in a sense a national industry at all. We therefore take the position that from the practical standpoint we think we should negotiate with our own union. We have been very happy with them in the past. We have negotiated, we believe, to our mutual advantage, and have had very little trouble in our agreements. Furthermore, there is the more or less technical question that they are the only agency certified to bargain with us. We feel we have a sanction in bargaining with them under the order in council, the wages control order.

Q. That is, to bargain with the local?—A. With the local, yes.

Q. There is one other question I want to clear up arising out of yesterday's proceedings. I put the question to you whether or not the Algoma Company is today in receipt of any assistance from the dominion government by way of subsidies or otherwise. I now put that question to you again. Would you answer it?—A. I repeat my answer of yesterday. The company is not at the present time in receipt of any subsidy or other government assistance.

Q. The only intervention by the government in the matter is that for the time being, as you said yesterday, your company is engaged in the production of coke to the limitation of its production of steel?—A. That is correct.

Q. What is the machinery of that? Who actually gave you those instructions?—A. I understand that the steel controller—I do not mean the controller

in the strike, but the steel controller in his capacity as controller of steel for the dominion—is again in control as he was in wartime, and we take our directions from him.

Q. And those are part of his instructions, are they?—A. Those are part of his instructions.

Q. Mr. Smith is not here at the moment. He asked you some factual questions yesterday. Have you been able to obtain any of the information we could put on the record in answer to those questions?—A. I have prepared the information in written form on the whole five matters he asked me about.

Q. Would you give that to us?—A. The first item was the earning statement of Algoma for the year ending April 30, 1945. I do not know whether you wish me to read it in detail. I would be very glad to show it to you.

Q. You are producing the tenth annual report of the Algoma Steel Corporation for the year ended April 30, 1945.—A. As certified by its auditors to the shareholders.

Q. And that statement shows the net profit for the year—that is, for the fiscal year—of \$1,112,132.06. Is that correct?—A. That is correct.

Mr. CROLL: What is that figure again?

Mr. ROBINETTE: \$1,112,132.06.

Mr. GIBSON: For what capital investment?

By Mr. Robinette:

Q. What capital investment does that represent?—A. The capital investment is a very difficult thing to say. I explained yesterday in answer to Mr. Smith that we have outstanding \$3,000,000 of bonds—now about \$1,500,000 of bonds, about \$1,500,000 of preferred stock and 440,000 shares of no par common. Those shares, preferred and common, I explained were issued in 1934 in exchange for bonds totalling about \$21,000,000 in value which represented money and other money back of that again which was wiped out in that reorganization.

By Mr. Homuth:

Q. What is the plant valuation?—A. In the balance sheet, the property and equipment account shows land, buildings and equipment at \$27,863,000 odd and depreciation at \$10,760,000, odd.

By Mr. Robinette:

Q. Carrying on with your profit and loss account, I see that the \$1,112,000 odd that you earned as a net profit was credited to the earned surplus account.—A. The \$1,112,000, yes.

Q. Yes, and that the dividends on the preferred stock which were paid amounted to \$87,385. Is that correct?—A. That is correct.

Q. And you set up an appropriation for reserves for contingencies of \$100,000. Is that correct?—A. That is correct.

Q. So the balance at credit in the earned surplus account as of April 30, 1945, was \$6,118,371.10.—A. That is correct.

Q. Is that correct?—A. Yes.

Q. Were you in receipt of any governmental assistance in the way of subsidies or otherwise during the fiscal year covered by this statement?—A. No, we were not.

Q. Although it may be difficult for you to prognosticate, what is your opinion as to the likelihood of the profits for the fiscal year ending April 30, 1945, being retained, lived up to or approximated for the fiscal year ending April 30, 1946?—A. As I said yesterday, we have not those figures completely assembled yet; but I would hazard a guess from my knowledge of the company's position that they will be somewhat lower.

Q. Somewhat lower?—A. Somewhat lower.

Q. But you think you will show a substantial profit?—A. We will show a profit, yes.

Mr. ROBINETTE: I will put this in as an exhibit.

Exhibit 13: Tenth Annual report of Algoma Steel Corporation for the year ended April 30, 1945.

The WITNESS: I may say that along with that statement we sent to all our shareholders and to our employees another statement which might be of interest and assistance. It is a general statement to our employees. They have all had it. It shows how each dollar of sales is divided in Algoma in the year in which we referred to, 1945.

Mr. ROBINETTE: We will put this in as an exhibit. It is a statement of the Algoma Steel Corporation dealing with the distribution of each dollar of sales for the year ended April 30, 1945. It will be the next exhibit.

Exhibit 14: A report to employees—Algoma Steel Corporation.

Mr. ROBINETTE: In answer to Mr. Smith's questions, you prepared some information. I see Mr. Smith is coming in now.

Mr. SMITH: May I ask for the balance sheet for 1943?

Mr. ROBINETTE: For 1943?

Mr. SMITH: Yes.

Mr. ROBINETTE: We just put in the balance sheet for the fiscal year ending April, 1945.

Mr. SMITH: May I borrow that?

Mr. ROBINETTE: Yes.

Mr. SMITH: If you have 1943, I should like to have that too.

Mr. ROBINETTE: We will put that in as an exhibit too.

By Mr. Robinette:

Q. Mr. McMillan, you produced a statement of Algoma Steel Corporation, the eighth annual report, for the fiscal year ending April 30, 1943; and as a matter of record, that year the net profits, before providing for income and excess profits taxes, are shown as \$1,466,932.51.—A. Before taxes.

Q. Is that correct?—A. That is correct.

Q. And after taxes, the amount is \$846,803.11. Is that correct?—A. That is correct.

Q. That will be exhibit 15. Then, Mr. Smith asked you another question with respect to the definition of sheet piling.—A. I have a statement prepared by Mr. Holbrook which I call a definition of sheet piling. I shall read that statement. It reads as follows:—

Sheet piling is that form of steel which is driven into the ground, usually at rivers and harbours, to form retaining walls and piers. The individual pieces are interlocked at the sides to form a continuous surface.

Q. That will be exhibit 16. Then Mr. Smith asked you a question about American structural steel.—A. They are underselling in this market.

Q. And the fact that they are underselling at \$5 less than your price?—A. Our statement on that is:—

Structural steel is being quoted by American firms in the Toronto area at \$5 per net ton less than current quotations by Algoma.

This is not a theoretical figure but is actual. Delivery promises are not good from either Algoma or American firms, but as the American supply becomes more plentiful, it will supplant Algoma structurals.

Q. That is exhibit 17. Then Mr. Smith asked you for details concerning the freight question, the freight differential. Have you been able to obtain the figures on that?—A. We have the figures as follows:—

The \$3 to \$5 per figure quoted in our brief is based on freight rates into the Toronto-Hamilton area from Sault Ste. Marie. Toronto-Hamilton is a major market area.

The following will illustrate this:

	Freight per Net Ton Steel		
	Soo-Toronto	Soo-Hamilton	Hamilton-Toronto
Winter	\$6.90	\$6.90	\$2.40
Summer	6.60	5.30	2.40
	Difference to Toronto		Difference to Hamilton
Winter	\$4.50	\$5.90	This allows about \$1 per ton for truck de- livery in Hamilton
Summer	4.30	4.30	

Surrounding towns in this general area may in cases bring difference down to about \$3 per ton.

Q. That would be a difference of \$4.50?—A. Yes a difference of \$4.50 on the winter rate; and the summer rate has \$4.20 difference. If we have to compete with the steel Company in the Hamilton area, instead of \$2.40, the rate from Hamilton to Toronto, I believe the Steel Company used truck shipments which we figure about \$1 per ton; so there would be a differential of \$5.90 in the winter and \$4.30 in the summer.

Q. Does that answer your question, Mr. Smith?

By Mr. Smith:

Q. May I ask if this constitutes an advantage that you have over the Steel Company of Canada on your shipments?—A. No appreciable advantage.

By Mr. Robinette:

Q. That exhibit as to freight differentials as against the Algoma Company will be exhibit 18.—A. Then, the other question which Mr. Smith asked was with respect to the number of single men represented by the union at Algoma. "The number of single men represented by the union is 863."

Q. The statement as to the number of single men will be exhibit 19. Now, coming back for a moment to the question I asked you about the production of coke at the present time, has the government indicated to you whether or not they will compensate the Algoma Company for any loss it will sustain by virtue of being forced into the production of coke at the expense of the production of steel?—A. There have been some negotiations between one of our executives and the government relating to that matter. We have asked them to give us some assistance. No final arrangements have been made. I did not personally conduct those negotiations and I regret very much to say that the member of our organization who did so is at present seriously ill in the hospital and is not allowed to see anybody but his family.

Q. May I ask who he is?—A. Mr. Gordon Fogo.

Q. But discussions have taken place with him?—A. Individually.

Q. Discussions with what government official?—A. No, I do not know.

Q. During the course of the negotiations arising out of this dispute, was any offer made to the union beyond 8 cents an hour?—A. The ultimate offer was 8 cents an hour across the board.

Q. Is that your limit? The Steel Company have offered 10 cents an hour. What do you say to the possibility of doing a little better than 8 cents an hour?—A. 8 cents an hour is our limit. We feel that is all we can afford to give. That would cost us close to \$1,000,000 a year and it would pretty well wipe out our

profit. With the contingencies ahead, that we are all aware of, we do not think we can safely go beyond that figure and preserve the stability of the company for the uncertain years ahead.

Mr. ROBINETTE: That is all I have to ask you.

By Mr. Case:

Q. Dealing with subsidies, there is a subsidy on coke is there not, but you do not receive any of the subsidies. Coke is subsidized to the dealers?—A. It may be, yes. I understand.

Q. But you do not receive any part of the subsidy?—A. No, we do not.

By Mr. Lockhart:

Q. I appreciate very much that it is extremely difficult to hear a little distance away from where the witness is speaking. I would like to ask just a few supplementary questions, and if there is any indication of repetition, I must apologize because it would be on account, perhaps, of the discussion that was going on close by where I am, where there are others speaking and where there is interference and noise. My general questions, Mr. Chairman, are few. But I have a few specific questions in connection with one of the branches of the industry, as I understand it, in which the Algoma Steel Company is engaged. My understanding is that your plant is entirely tied up now because of the strike action?—A. It is tied up. All steel production is down completely. There is a very limited production of coke, I believe, around 650 tons a day, when the normal output is about 5,000 tons. It is being produced chiefly for supplying the "Soo" city.

Q. Yes. Now, do I gather that the steel output is completely stopped, but there is partial coke production?—A. Yes, there is a very considerable stoppage, and steel is completely down. In fact, everything else is completely down.

Q. When the \$5 increase was granted on the basic price of steel, did you negotiate personally with the Wartime Prices and Trade Board in that connection?—A. No, I did not.

Q. But there were negotiations that took place at the time?—A. That is correct.

Q. And at that time did you consider, as manager of this plant, what portion of that price increase would be included in the advance in wages for the men?—A. That is, the commodity increases?

Q. Yes?—A. Yes, certainly.

Q. Your firm opinion was that that should be included as part of the increase in the basic price?—A. That is correct.

Q. Have you any idea as to the percentage of that increase that might be included for the men?—A. A percentage of the \$5. No, no. We never figured out the percentage ourselves.

Q. But you had what you thought to be a fair proportion?—A. Yes, having in mind what was happening in the United States and the strike situation, we figured out what our limit would possibly be.

Q. Now you made a preliminary offer, and your ultimate offer was 8 cents an hour.—A. That is correct.

Q. I gathered, out of the noise and other interference, that included in your deliberations and final offer were certain other adjustments for the employees? Did you insist upon a 44 hour week?—A. No, we insisted on the maintenance of a 48 hour week. In our bargaining agreement, signed in April, a 48 hour week was the week basis, as it had been for some years. We asked that that be continued, giving as our reason that we would not be able to maintain production on a 40 hour week because we would have to get additional men if we reduced to a 40 hour week and we could not get our hands on them in the "Soo". We tried the Selective Service and they said they could get us 27 men instead of the 400 we needed.

Q. They wanted a 40 hour week?—A. Their counter-proposal was a 44 hour week and 15 cents an hour increase with the understanding that they would work 48 hours without overtime for the first six months, and the arrangement after that was for a 44 hour week with overtime at time and a half for any time over that figure.

Q. The union has refused your offer?—A. Yes, in the presence of the commissioner, Mr. Justice Roach they said the negotiating committee of the union had said that they recommended to their advisory committee that the offer should be rejected.

Q. Was there anything in writing?—A. Only that the commissioner made a very careful note of that statement when he was conducting the proceedings, and it is on his record.

Q. You refer to "straitjacket methods"?—A. I would say "picturesque" methods, rather.

Q. You are aware that there is a very serious fuel shortage in Canada?—A. Yes.

Q. Would you consider these restrictions by the Minister of Reconstruction, perhaps, are quite reasonable in the light of the national emergency?—A. I think that when we spoke of straitjacket methods in the memorandum that that applies to the limitation as to conducting our own business. It is a financial strait-jacket.

Q. You have conceded that there is a national emergency. I presume that you are quite willing to do your full part to relieve this national emergency?—A. Yes, we will be glad to do all we can.

Q. How much coke do you manufacture in a year when you are in your full output?—A. 1,250,000 tons.

Q. You feel that if the plant continued to operate in the usual way that that output could be maintained?—A. Undoubtedly.

Q. Could it be increased?—A. No, that is our limit.

Q. If the strike were settled, say in a week, how soon could you resume normal operations?—A. In about 5 days.

Q. There are no repairs necessary because of the shutdown?—A. No, I don't think so.

Q. Yesterday I tried to hear as best I could, and I understood you to say that there was no strike vote taken in your plant?—A. What I said was this, that there was a general strike vote taken, I think, early in April, or authority to the executive of the union to strike, if they saw fit. After that the agreement was executed and that agreement contained a clause about a strike vote, that said that there should be a strike vote by secret ballot conducted by the Department of Labour of Ontario. After that no strike vote was taken.

Q. I gathered from your remarks a few minutes ago that you were emphatic that you had gone as far as you could?—A. That is correct.

Q. Does the maximum offer, at which you could make steel profitably still stand good?—A. When we made the offer at the Soo we said it was good until noon of the next day because we were taking exception that we were grouped with the other companies and we wanted it part and parcel of our own. We said it must be accepted by noon of the next day, but I think, at the present time, we would be glad to keep that offer open for a certain limited time.

Q. Not a short time; a reasonable time?—A. A reasonable limit.

Q. You feel that on the conditions under which you operate that you are on an entirely different basis to the Hamilton plant of the Steel Company of Canada?—A. I do not think there is any question about that. Hamilton acknowledged that themselves, even though it was to their detriment.

Q. Has this definite conclusion as to what you are prepared to do been communicated to the union very definitely?—A. It was formally and definitely communicated to the union on April 5 in the commissioner's presence.

Q. There should be no misunderstanding about that?—A. None whatever.

By Mr. Archibald:

Q. As I understand it, you have 4,500 employees in your plant?—A. Approximately, at the present time.

Q. You say the company can afford an increase of 8 cents an hour?—A. I say it cannot afford more than 8 cents.

Q. That would amount to \$1,000,000?—A. Approximately.

Q. Does that also include non-union workers, as brought out by Mr. Hilton, which he included as salaried employees?—A. That would not apply to salaried employees.

Q. Would you say it would include all others at 8 cents an hour?—A. Yes.

Q. If you had 300 more men in the plant, how much would that amount to, not more than \$1,500,000?—A. It is not hard to figure that out.

Q. I would like to point out that your plant can afford to pay \$1,000,000 on an 8 cents an hour increase, and there are just 300 more employees less in your plant than in the Steel Company of Canada, and according to figures advanced by Mr. Hilton, with 300 more men than in the Algoma Steel Corporation, it estimates that their increase would amount to \$2,500,000. There is a discrepancy in figures somewhere?—A. Not necessarily; it illustrates a different operation.

MR. SMITH: Mr. Hilton said that would be spread over a number of subsidiary plants.

By Mr. Smith:

Q. Dealing again with finances, I would like you to prepare another statement for us for the years 1939 to 1945. This can be done rather simply from your balance sheets. In the first column I would like you to have your capital, and how it is made up, bonds, preferred stock and common stock?—A. The balance sheets, of course, show that.

Q. I think you had some alterations in your capital structure in 1943. I am not sure. Will you give us the information in the first column from 1939 through to and including 1945. I would like the capital investment with the constituent elements of that?—A. We will have to send to the Soo for some of the earlier statements.

Q. How far can you go?—A. 1943 is the earliest we have here.

Q. Are they not filed somewhere in Ottawa?—A. They might be in the Department of the Secretary of State. No, they would not. This is not a dominion company. They are filed in Ontario. They are in the Income Tax Department, but they would not disclose them.

Q. I do not want to know anything about income tax?—A. I do not know what you want.

Q. Here is what I want. I want in the first column your capital structure which will indicate what the investment is, and then the net profit that you get from these sheets. That is your second column?—A. Yes.

Q. Then I want a little arithmetic and let us know the percentage that profit is. I mean, anybody can do it and you have people who are smarter than I am at that sort of thing, and I want you to do it for the convenience of this committee. Now, I want to clear up the whole business of subsidies. Did you get subsidies or assistance from any other government?—A. No.

Q. What was this Helen Mine? What does it do?—A. It mines iron ore.

Q. If I understand you your sales are to independent buyers. Is that right?—A. That is correct.

Q. I mean, you have no subsidiaries, as you state, you are just in the steel business?—A. We are in the steel business.

Q. Do you know whether or not the Steel Company of Canada is in the same or in a different position?—A. I do not know as to that.

Q. Thank you. It seems to me that I am asking so little that you might get these figures I am asking for by a telephone conversation?—A. I think we could on that.

Q. Will you rectify that as much as you can? Mr. Chairman, it seems to me very important when we are talking about what companies can or can not do that we should have some graphic affair so that we can understand what the position is.

The CHAIRMAN: I think the witness is going to produce these figures as soon as possible.

By Mr. McIvor:

Q. I should like to ask one question. Your company defaulted in 1932?—

A. That is correct.

Q. Is there any danger or risk of default again contingent upon paying 19½ cents an hour now?—A. Well, if we were called on to pay 19½ cents an hour for a forty-eight hour week we certainly would be in difficulties from the drop of a hat; and, also, for a forty hour week because we would have to engage additional men and that would use up a considerable sum of money.

By Mr. Adamson:

Q. I wanted to ask the witness with regard to the Helen Mine; did you not at one time get a bonus from the Ontario government of 10 cents a ton? The difficulty with the ore from that mine as I recall it is that it has to be sintered, put through a process called sintering to take the sulphur out of it?—A. Yes, it has to be sintered.

Q. That is what I thought. Did you not get a subvention or bonus for that process? I understand there is a process that is required to make the ore usable, and that it is somewhat expensive and for that reason the Ontario government gave you a bonus of 10 cents per ton for this sintering process.—A. The Ontario government said in 1937 that if we would undertake a very considerable capital expenditure to develop this property which had not been developed and since development was highly problematical on account of that process which would cost us considerable they would give us a bonus of ten cents per ton, and the maximum placed on it was \$300,000 a year. We went ahead with the plan, with the development work. We established a community there employing about 250 or 260 men, and they had their families with them, and we are in operation. But I regret to say that after a period of two or three years the subsidy was stopped, the 10 cents a ton bonus has been stopped.

By Mr. Homuth:

Q. What year was that offer of bounty made?—A. The offer of bounty?

Q. Yes.—A. The arrangement was made in 1937 but it was 1939 before the plan went into operation and then it went into production early in 1940 receiving the subsidy. There may have been a very small amount paid in 1939, but 1940 was the first full year; and it was not paid for 1943.

Mr. CROLL: I think Mr. Homuth should note that the Liberals gave that bounty and the Tories took it away.

By Mr. Emmerson:

Q. Can you buy iron ore cheaper from American sources than you can mine it yourself?—A. Well, actually we do buy a great deal of American ore because the Helen ore is an ore which we ship, a great deal of it, to the States for mixing purposes. It is a blend with other American ores. We import American ores and use a little from the Helen Mine for blending purposes.

Q. But you have a market for the Helen ore in the States?—A. Oh, yes.

By Mr. MacInnis:

Q. Perhaps you have answered this question before, but if so I do not remember. What increase of revenue do you anticipate from the increased price as the result of the \$5 a ton by the Wartime Prices and Trade Board?—A. About the only way of answering that would be to say, \$5 a ton, I think.

Q. What I want to know is, Mr. Hilton yesterday anticipated their increased revenue for the year with a certain tonnage would be \$5,000,000. How much does your company anticipate?—A. Approximately \$3,000,000.

Q. And your position is then that all you can pay in increased wages is one-third of the anticipated allowance, \$1,000,000. I understood that was your statement?—A. Of course, the increase of \$5 is meant to cover fast losses, fast drops in profits, and for the future we anticipate further increases that are not in effect yet.

Q. But without that I understand,—I haven't got the balance sheet before me—but my understanding is that without this you made a profit last year. Is that correct?—A. We made a profit, yes.

Q. Why should you have to meet a loss that you didn't make last year when you have already made a profit at these prices?—A. I don't know that I understand that, Mr. MacInnis.

Q. I would just take it that this increase in price that you got last year, that you got that increase because you showed the Wartime Prices and Trade Board that your operations from the date of the increase for some part of the time would require that increase and that there was no question of giving you something now for losses sustained in the past.—A. I do not think that is quite correct, although it was taken into account that something should be allowed for past losses.

Q. For losses for what particular time in the past, what period in the past?—A. When we went back to peacetime prices and revenue fell off very rapidly, and it was that situation we had to deal with.

Q. Your revenue fell off rapidly, but the increase in wages does not cover that period. The increase in wages begins as I understand it from the time that increased price went into effect, so that I do not think it is fair to consider past losses at this particular time in relation to the increase in price received from the Wartime Prices and Trade Board. Would you be prepared to produce figures to the committee showing your losses on operations from when you went back, as you said yourself, to normal operations until the first of April when the increase came into effect?—A. It would be impossible to arrive at that. I think the nearest you can come is our annual statements which are carefully audited. They are available to show the story from year to year, but I think that is about the nearest you can get to it. I do not know how you could break it down the way you suggest.

Q. You must have some breakdown in your mind because it would be taken into consideration when you make the offer of 8 cents an hour increase which you say will amount to about \$1,000,000. Now, there is \$2,000,000 in that increase. I am not suggesting that the workers should get all of it, but I do suggest they should get more than one third.—A. If the workers got all of this there would be nothing left to take care of the increases we have to deal with in commodities.

Q. I am being quite generous. I am not saying they should get it all.—A. There would be no work for them after a few months if they got it all. That is all there is to it.

Q. Well, there is that possibility, but what I am suggesting to you is that the division which you are making is not a fair one under the circumstances, and it is not fair particularly unless you are prepared to bring figures to the committee to show that those losses were, in fact, sustained. I am not sure whether we should take it into consideration then.—A. The fact is that the other \$2,000,000 of which you speak is going to be largely absorbed in the very

increases in commodity prices which are now going into effect, and further anticipated increases. All that has been going on in the United States makes it very very clear, both in wages and manufacturing costs there, that we are up against heavily increased prices for coal, ore, freight rates, and that is where your \$2,000,000 is going to be absorbed.

Q. It is because of these increased costs, including the increase in the cost of labour, that you received the right from the Wartime Prices and Trade Board to raise your prices. Therefore I say it is not fair unless you are prepared to show figures as to the losses sustained from the end of the war, or whenever you started normal operations, until the first of April. You are suggesting a division of only \$1,000,000 of this to go into increased wages?—A. I do not think it would be possible to do that. We are not desiring to avoid anything of that kind, but frankly I do not think it is accurately enough stated to enable us to do it. I want to make this clear. If you accept it that of the \$3,000,000 we mentioned the \$2,000,000 that is not paid in wages is going into our profit and loss account next year I can assure you that is not the case. We do not anticipate it will swell our profits by 1 cent. In fact, we fully expect we will have a smaller profit next year than we have had this past year in spite of this increase.

Q. There is a point there from the union's point of view. I just have one more question to ask. It is not important so far as you are concerned because your relations with the union have always been on a good basis. You are prepared at any time to enter into negotiations personally with the union?—A. Absolutely.

Q. Thank you.

Mr. CROLL: May I ask one question following what Mr. Smith said. Do I understand that Mr. Smith's statement will commence in 1939 and not in 1943?

Mr. SMITH: I want it from 1939 because I think there was a change in the capital structure in 1943. Then we will have years on both sides.

By Mr. Croll:

Q. I am reading from your brief.

Substantial earnings were made during the war because of the large volume of turnover and because of special prices for shell steel and some other war products.

Will you prepare that statement as of 1939?—A. We will go back to 1939.

Q. I have one or two other questions. You made a presentation to the Wartime Prices and Trade Board for an increase some time previous to April, an increase in the price of steel?—A. I will verify this in a minute, but I think our last increase was in 1942.

Q. No, I am not talking about that. I am talking about the very last increase you received of \$5 a ton.—A. That was received in respect of April 1st.

Q. Representations were made previous to April 1st?—A. As a basis for that increase; that is correct.

Q. When you made your representations can you tell us how much more than \$5 a ton you asked the Wartime Prices and Trade Board for?—A. We asked the Wartime Prices and Trade Board for \$7.40 approximately a net ton. We worked it out that was what we required.

Q. Of your own knowledge do you know whether other steel companies asked for a similar price or more or less?—A. I do not. My understanding is we dealt separately and made our own arrangements based on our own needs.

Q. I have just one more question. You made a statement that the 8 cents increase would cost you approximately \$1,000,000. You followed that by saying, as I copied it down, that the increase would wipe out your profit?—A. I say that

our net profit, as shown in the statement that Mr. Robinette had here a few moments ago, for 1945 was something slightly over \$1,000,000, and this year, as I say, we expect it to be somewhat lower.

Q. That statement was before you received the \$5 increase from the Wartime Prices and Trade Board?—A. That is correct.

Q. So that— —A. It was also before the commodities rose in value as they are rising now.

Q. That is quite right.—A. And before the anticipated increase in wages.

Q. Did you break your presentation before the Wartime Prices and Trade Board down to so much for material and so much for wages?—A. No, I understand not. We lumped it with certain general ideas in our mind. They were carefully examined by the representatives of the Wartime Prices and Trade Board. Their financial men and our financial men went into it very carefully, but I do not think we ever allocated it into watertight compartments for this item, that item, and the other item.

Q. Mr. Hilton said yesterday 11 cents was approximately the amount— —A. He had in mind.

Q. In his own mind for his own company which may be different from your company?—A. Yes.

Q. What amount did you allocate to the men?—A. We never allocated any definite amount in the way that he did. We said to ourselves that in view of what was happening in the United States we anticipated we might be met with a demand of 15 per cent. That was the maximum that might be involved, and that demand would really work out in our case to something a little under 12 cents based on our \$7.40 application but, as we received far less than that we felt, of course, that had its reflex action on the possibility of 12 cents and brought us back actually to something under 8 cents.

Q. Now, you say that different conditions have arisen since April 1st, or since you got your increase that were not contemplated at that time in connection with cost?—A. I would not say they were not contemplated. I meant they have taken place since then.

Q. Was not the increase granted in contemplation of these increases?—A. As I said to Mr. MacInnis partly in recognition of the past situation where our expenses and costs go ahead of our prices, and partly in recognition of anticipated increases in commodities in the future.

Q. I think you told us yesterday you had 3,600 people employed at the plant, but I think today someone said 4,500?—A. The explanation is the 3,600 is the approximate number represented by this union. The others are other unions and other personnel.

Q. But your plant is completely unionized is it not?—A. As far as this union is concerned they have a vast majority of the men who are eligible to join the union. We have some separate unions with the A. F. of L., skilled tradesmen like machinists, bricklayers, and so on.

Q. The point I am getting at is those who are eligible to join this union would be how many? Have you the number?—A. I would say well over 90 per cent.

Q. Well over 90 per cent are at the present time?—A. Members of the union; that is correct.

Q. And in 1940 before the union was certified?—A. It never has been certified. We never bothered about it because they never felt they needed it.

Q. Had they a union in 1940?—A. Yes.

Q. Since that date you have always assisted them by taking the check off?—A. We have collected, although it was never in any agreement until April of this year, when the voluntary check off was recognized in the agreement. We thought; "why not do it? It has been the practice right along, and we will carry it out."

By Mr. Maybank:

Q. I should like to ask two or three questions with reference to what is involved in the check off. I understand from you, Mr. McMillan, that you have been paying union dues out to the union for some two or three years. Is that right?—A. That is correct. It probably is around three years; somewhere around three or four years.

Q. You said, did you not, that was not done under an agreement but just a sort of loose understanding?—A. They came to us, asked us and we did it.

Q. Did you pay it out for all your employees, or did you get some sort of certificate just for those who wanted it?—A. Just for those who signed a card asking us to do it.

Q. Then it was a voluntary assignment by each individual?—A. That is correct.

Q. Would you state whether there were many among your employees who did not ask you to do that, or did they all ask?—A. We have some figures on that.

Mr. CROLL: Ninety per cent asked.

Mr. MAYBANK: About 90 per cent?

Mr. CROLL: No. The union has a membership of 90 per cent and they do it.

The WITNESS: I understand what you are asking, Mr. Maybank, is how many of those who were members of the union have given an assignment card for the check off?

By Mr. Maybank:

Q. No. I did not ask that, but rather I said would you indicate about how many or what percentage of your employees, whether they were union members or not—and I presume only union members signed it—in the beginning asked that the assignment be made?—A. I do not know in the beginning what the figures were. I do not know how many at the inception of that system actually signed the cards.

Q. At any rate, you paid out money in that fashion for a very large number of your employees to the union?—A. That is correct.

Q. And you continued to do that for one year, and then for another year, without any formal agreement on the matter?—A. It ran on from year to year. As a matter of fact, our agreement which was made—I think the last one—somewhere around 1940 or 1941, was never altered or changed until April of this year. We just continued running on under it.

Q. Then in April of this year it was written into the agreement?—A. It was written into the agreement that for any employee who gave his card—well, it speaks for itself. Perhaps I had better read it.

Q. Would you read the card?—A. Yes. It reads:—

The company agrees to continue the practice of deducting union dues on a voluntary basis and upon receipt of signed authorizations from new employees or those not now members of the union, agrees to deduct monthly from the earnings of such employees, the regular union membership dues and to remit regularly each month the full amount of dues so collected to the financial secretary of the union. Having signed an authorization no employee shall be entitled to cancel the same except on giving sixty (60) days notice in writing to the union.

Q. Would it not be right to say that by now you are paying out on that sort of assignment for most of your employees?—A. I think, generally speaking, that is correct. When you say "most", there are about 600 or 700 men not represented by the union at all, and those are not. But the large part of the union membership were deducted, on their own authorization.

Q. Yes. You have not found the doing of that to be any great burden upon you, have you?—A. Not particularly. It is only one of the many these days.

Q. I beg your pardon?—A. It is only one of the many these days; it is another column on the books.

Q. It is just another column on the books?—A. That is right.

Q. It is no very serious problem then in the light of the other similar problems that you have; it is a small price to pay for harmony in the industry, is it not?—A. It is no problem to us at all with a very full membership. I think in fairness to the Steel Company of Canada I should say this. I do not want to appear to be assuming wings that I am not entitled to at Algoma. I think they have a much greater problem with the dividend situation in their plant as between the union and non-union employees, which certainly creates a problem for them that we have not got. I do not think our case can be looked at on the same basis as theirs.

Q. You would say that if a union can get membership into a quite high percentage, as in your own plant, it is no problem. But you do want to speak that word for the man whose employees are not so fully organized?—A. I do not mean my words to be taken as a general principle at all. It applies to our own case.

Q. You know that has become pretty general by now, and that a large number of industries are doing that?—A. I see the record in these publications of how many agreements contain one or another form of check off. I know it is increasing.

Q. Do you know whether it is a problem in any other industries which are somewhat similarly situated to your own?

Mr. HOMUTH: What does he know about other industries?

Mr. MAYBANK: I have asked if he did.

The WITNESS: No. I cannot answer for that, Mr. Maybank.

Mr. MAYBANK: Very well.

By Mr. Gillis:

Q. Mr. Chairman, I want to pursue a question raised by Mr. Lockhart. It was raised yesterday. It is with regard to the taking of the strike ballot in accordance with article 16 of your agreement. Both your answer yesterday to Mr. Robinette and your answer this morning to Mr. Lockhart lead one to believe that in your opinion the union should have taken a second strike ballot. Is that right?—A. Yes, for two reasons; not merely under the agreement, Mr. Gillis. I think as probably you will hear from the commissioner, because he expressed very positive views on it at the Soo. He said, as I remember it, that in a matter affecting the destinies of 14,000 men and their families in Canada, he thought it was an extraordinary thing that the actual men involved should not have the opportunity of voting secretly on the question as to whether they would be called out on strike or not. That is the gist of his words, and I share that view.

Q. You do know, as you so state in your brief, that you signed this agreement in April, 1946?—A. That is right.

Q. And the question of wages and hours was left in abeyance for further negotiations?—A. That is right.

Q. You have had your further negotiations and concluded them on July 5 of this year?—A. We have not concluded them yet.

Q. No. But I mean the last negotiations you did have were on July 5?—A. That is correct.

Q. You are also aware of the fact that the steelworkers union nationally had taken a strike vote and instructed their executive officers that if by July 12 the questions of hours and wages were not settled, a strike would take place?

—A. Could take place. I believe there was authorization back in early April, as I have stated. I think that was the time.

Q. What I am getting at is this. The steelworkers organization did take a strike vote on the question of hours and wages?—A. I do not think they voted on hours and wages. I do not know, of course, what they voted on. I do not know that I have ever seen the ballot. I think they voted on giving general authorization to the national committee to act in their best interests; but of course you have the information on that.

Q. Their brief filed here stated that they made certain wage and hour demands, and on the wage and hour demands a strike vote was conducted, and the executive officers were instructed to act accordingly, if a settlement was not reached on hours and wages by July 12. Do you think it was reasonable, after July 5, for your employees to institute another strike vote with respect to a question they had already decided by secret ballot?—A. Quite frankly, I do not think they had decided that question. The question up for decision on July 5 was whether they were satisfied to accept an increase of 8 cents an hour in our plant. We believe that if that question were put to them by secret ballot conducted by the Minister of Labour for Ontario, that vote would have deterred the effect of a strike taking place. That is my view, my personal view.

Q. What I am trying to get at is this: I believe that when an agreement is signed it should be lived up to religiously by both sides. My interpretation of the action taken by the Steelworkers Union was that they did comply with this article 16 of your present agreement. The mechanics of the steelworkers organization are such that the rank and file were consulted in the first place as to wages and hours by means of a meeting or conference or convention. Wage demands were laid down there and the executive officers of the union were instructed that these were demands of the rank and file of the workers; and in regard to those demands, the vote was taken after many attempts made by the steelworkers union to iron out the matter by way of negotiations; and a vote was actually taken as to whether they would take the action which precipitated the strike if their demands were not made. The steelworkers are not in an illegal position at this time.

The CHAIRMAN: Order, Mr. Gillis. I would like to point out to the members of the committee that they should put straight questions to the witness and not make speeches. If Mr. Gillis, on a question of privilege, desires to clear up the record, he may do so; but I would like to see the committee adhere to the principle that now only straight questions be put to the witness in the box.

Mr. GILLIS: What I object to, Mr. Chairman, is for some one to ask an iniquitous question and then leave the matter hanging in the air.

Mr. HOMUTH: Who did that?

Mr. GILLIS: Mr. Robinette and Mr. Lockhart did.

The WITNESS: If you are trying to get an expression from me to the effect that for the most part we have had very satisfactory relations with our local union at the "Soo", I will confirm that without qualification. We have had our little troubles, but for the most part they have observed the terms of their agreement from time to time. The present unfortunate situation we hope will some time be righted or washed up and then we can start off again with a clean sheet. That has been our history.

However I went into what took place after our agreement was signed and I checked up my records from day to day and my discussions with Mr. Millard, Mr. Mahoney, John Mitchell and two or three others, and it confirmed my view that a vote should have been taken, and that there was no authority for going ahead and calling the strike. I do not want to emphasize that because our own position is that we like our union. We have had pretty fair dealings with them

and we do not want to have it said that we are letting them down when we tell them, to their faces, that we have got along fairly well. Perhaps I may add, and I do not want to say it with any guile, that it is the intervention of the higher authorities that is causing the trouble.

By Mr. Gillis:

Q. My experience is that the higher authorities are merely instructed by the unions to carry out their wishes.—A. That is the way it should be.

Q. That is the way it is. I think we have put enough on the record to clarify that point. I would like to ask you about the question of freight, with respect to page 2 of your brief. Your main difficulty at the present time, in the production of steel, is lack of fuel. Isn't that right?—A. Lack of fuel, plus ore as well is beginning to become a factor.

Q. You are obliged to use the fuel that you get for coke making purposes rather than for the production of steel.—A. We are not getting fuel because the boats are passing by our dock to other points. They are not being unloaded. We have plenty of coal ordered if it were permitted to be landed.

Q. Who is stopping the delivery?—A. The union is stopping it.

Q. The union has not any jurisdiction over the shipping of coal.—A. They have got a lot of pickets outside our plant who will not let us unload it. That is the practical situation.

Q. It is rather unfortunate. That is one good reason why this matter should be settled as quickly as possible.—A. That is one good reason.

Q. You point out in your brief that all of your fuel comes in from the United States.—A. That is right.

Q. Do you think it is good policy for this country to lean on the arm of the United States exclusively for raw materials?—A. That is in the realm of economics and I am afraid it is beyond my depth.

Q. But you will have to face up with it. To-day it is a practical reality.—A. I know nothing about the western or eastern coal situation.

Q. Has it ever occurred to the directors of your company that they are in the position of being dependant on another country, and that they might institute some line of action to develop our own resources?—A. We have done a great deal to develop our own resources through various enterprises; we do not want to get over expanded.

Q. There is lots of coal, iron ore and limestone in this country.—A. We own our own coal in the United States and we have done so for many years.

Mr. LOCKHART: How long are we to have to listen to this.

By Mr. Gillis:

Q. Why did your company invest capital in the United States to develop an industry there that might have been developed in this country?—A. It has been invested there for many years. We are now dealing with the present situation.

By Mr. Smith:

Q. Where is the coal?—A. Let me make this clear. Even if all our coal were coming from western or eastern Canada, we would be faced with the same situation. The union would not permit it to enter. It has nothing to do with Canadian or American economics at all.

By Mr. Gillis:

Q. Even if you had no strike on your hands at the present time, as you indicate in your brief, even with no strike on your hands you are obliged to use the major portion of your fuel to make coke for this country.—A. Not for

our own plant necessities. We have plenty of coal on order to operate our blast furnaces, our open hearths, and our coke ovens. Coking is necessary in order to operate any steel plant, as you know, and we make coke out of our own coal for that purpose.

Q. But there is a serious fuel shortage in Canada which interferes with the production of steel. The Minister of Reconstruction has told us that on different occasions.—A. If you want to get involved—

Q. I am not criticising you now. I think you are suffering from a faulty economic policy inherited from the past.—A. I would be glad to discuss that with you outside, in the evening, any time, but I do not feel I could help the committee much here.

Q. I would suggest that industry and government in this country seriously consider the development of our own resources and not lean on the arm of another country.

The CHAIRMAN: Order.

Hon. Mr. MITCHELL: Would you suggest that we eat all our own wheat?

Mr. GILLIS: Not necessarily. There is no comparison there at all. We have an abundance of wheat, but we have not the fuel.

The CHAIRMAN: I understand the committee is through with Mr. McMillan. I now call on Mr. Anson.

Mr. ROBINETTE: Mr. Chairman, Mr. McMillan asks if he may leave, subject to call on moderate notice.

The CHAIRMAN: I think it is the wish of the committee that he may do so. Carried.

Clement Anson, General Manager of the Sydney Steel Plant Division of the Dominion Steel and Coal Corporation, Sydney, N.S., sworn:

By Mr. Robinette:

Q. Mr. Anson, I understand that you are associated with the Sydney Steel Plant Division of the Dominion Steel and Coal Corporation?—A. That is correct.

Q. What office do you hold?—A. I am general manager.

Q. How long have you held that position?—A. Since 1940.

Q. All the previous witnesses have been asked for a brief history of their connection with the steel business, and an outline of the facts concerning the present dispute. Would you let the committee have that?—A. I was born in 1905 in England, went with my parents while a child to Australia, and left school when I was 15 years old and entered the steel business. After four years of that I decided that I had not enough schooling and came to Canada and entered McGill University, and graduated in 1925 as metallurgic engineer. I joined the Dominion Steel and Coal Company as a labourer in the blast furnace, and after a few years I was appointed assistant superintendent of that department, then assistant superintendent in the mills, and later on assistant superintendent of the whole plant, and in 1940 general manager of the plant.

Q. Have you had an opportunity to prepare a statement for the committee dealing with the points which are in issue in the strike at the present time?—A. I must apologize that we do not have copies of the statement to distribute to all members of the committee. We got word Thursday afternoon that we were to appear before this committee on Monday. We had already started to prepare our information, but the preparation of this information took right up

to the time our transportation left, and we did not have time to mimeograph it so that it could be distributed. I have copious notes from which I propose to put our position before the committee.

Inasmuch as my appearance before this committee arises out of the dispute between the management of the Sydney Steel plant and Local 1064 of the United Steelworkers of America, representing its members employed on that plant, I propose to deal with the four questions forming that dispute. There four items of contention, in the order in which I propose to deal with them, are:—

- (a) Union security
- (b) Additional vacations with pay
- (c) Hours of work
- (d) Wage rates.

In connection with union security, it is perhaps pertinent to point out that, prior to the first meeting held before the Honourable Mr. Justice W. D. Roach in Toronto on June 28 last, the question of union security had not been discussed between management and union representatives in the negotiations which led up to the appointment of that commissioner. The national director of the union, together with other representatives, met with the management at Sydney on May 21. At that time the statement was clearly made by officials of the union that there were only three matters in dispute, namely, wage rates, hours of work and additional vacations with pay. Neither at that meeting, nor at any other meeting subsequently held, was the question of union security raised until we appeared before the Honourable Mr. Justice Roach on June 28.

Our Sydney steel plant has recognized Local 1064 as the bargaining agent for its members employed on the Sydney steel plant ever since June, 1937. It has had a contract with that union since September 4, 1940.

In accordance with the Trade Union Act of Nova Scotia, the company has been collecting dues for the union by means of the check-off. The amounts so collected are turned over to the treasurer of the local union weekly. Since the inception of the check-off as of week ending June 19, 1937, the company has turned over to the union the sum of \$396,099.25, deducted from the pay of the members of that union. Prior to the start of the present strike, it was deducting dues from a total of 3,694 men, and the weekly amount turned over to the union averaged about \$923.50.

The management fully recognizes the right of its employees to belong to a trade union of its choice. It is our desire to continue as we have endeavoured to do in the past few years to work with and enlist the cooperation of the union in solving the peculiar problems that are inherent in the making of steel at Sydney, in striving for better and still better employer-employee relationships in anything and everything that will be for the good of the Sydney steel plant and its employees.

The management earnestly believes that it has done its very best to live up to the terms and conditions of the contract with the union. It further intends to carry out to the fullest possible extent any obligations that it may assume under any new contract which might be signed with that union.

However, the management does not subscribe as to the principles of the union shop suggested by the union. The management believes that every employee should have assured to him absolute independence of thought and action in matters purely personal to himself. Every person now in the employ of the company entered its service enjoying the unrestricted right, so far as the company is concerned, of associating himself with a union or not, as seemed best to him, and of ceasing to be a member of such a body when, in his judgment, it was in his interest to do so. The company then had and now has no intention of interfering with its employees in their exercise of this right.

It is our belief that if the company, by agreement with any union, commits itself to the proposition that it will discharge from its service any member of a union who, for reasons which he considers sound, elects to disassociate himself from the union, then the company is lending itself to a coercive and intimidative policy which is entirely at variance with the essential principle of the democratic way of life which assures to each individual citizen unfettered liberty of action in purely personal matters.

We believe that the union shop proposed by the union would, if accepted and agreed to by the company, constitute an unwarranted interference by the company in personal affairs of each member of our working force, and would, under threat of the loss of his employment, oblige each individual who is now a member of that body to continue his membership regardless of changes in its policy and principles which may occur, without the assurance of compensating benefits to him.

We consider it important, too, that the adoption of the union shop would leave those of our employees whom it affected completely at the mercy of those who may control the union's policy on membership from time to time, and we do feel that it would be neither fair nor just for the company to agree to deprive a valued employee of his right to work for it because, on account of some real or fancied grievance, those in authority in the union had decided to expel him from its ranks.

We believe that the union shop proposed offends against the primary principle of individual liberty inherent in democracy. It is our view that, if a union gives useful service to its members, and this one may well do so, it will have no difficulty in securing and retaining a membership who will contribute dues proportionate to the benefits received from its activities, and we approve in principle of such associations. The membership in such a union voluntarily sought and willingly continued by individual workers should make for improved relations with employees and a finer and more useful concept of the mutual obligations which are involved, but we cannot believe that the same results will follow in the case where the employee who has justifiably lost faith in his union or its directors is compelled to continue as a member of it and to contribute to its activities or lose his right to work. It is the union contention that the institution of a union shop will strengthen the union, permit it to take disciplinary action against members who take part in illegal stoppages of work. We feel that this condition is entirely true to the extent that the hands of the leaders of the union would be strengthened in dealing with members who do not agree with union policy or who might otherwise lose favour with those in power. It would not add one iota to the position of the union in dealing with members who contribute towards the making of a contract. As it is to-day management has been and still is desirous of disciplining either by suspension from work for a period or by discharge from employment any employee who one way or another contributes to the breaking of a contract. The only way this has stopped the disciplining of these men has been against the union itself in refusing to support management in such action; in fact, we have had several instances where the union executive has deliberately supported action of individual groups of men in disregarding entirely the provisions of an existing contract. Two frequent instances of this nature have occurred. One was in the open hearth department where we have some 700 or 800 men where an employee was disciplined for refusing to carry out his normal duties. This was in January of this year. The union executive supported the men's action in going out on strike notwithstanding the fact that that grievance was eventually handled through the procedure provided in the contract.

The second instance occurred only three months ago when the companies insisted on men in the electrical department working not more than six days

per week, that is forty-eight hours, which resulted in the men concerned going on strike, insisting on their right to work seven days a week—fifty-six hours; and again they were supported by the union executive.

And now, a union which commands the respect and enjoys the confidence of its members does not require anything else to build itself into a strong entity. In Great Britain where perhaps it will be granted that unions have grown far stronger than in any other country, those unions have not needed the closed shop and the check-off, they have reached that point by wise leadership, interest on the part of members in union affairs, instilling pride of craft in the members, and by enabling employer and public, generally speaking, to look upon them as bodies who live up to their obligations.

It might well be suggested that until the United Steelworkers of America can show that it is worthy of continuing to receive the privileges that it already enjoys, and before further privileges are granted to it, that it must show employer, government and public at large that it is worthy of same.

Possibly the situation at Sydney is typical of the way the affairs of this union are carried on throughout Canada. At least at Sydney it is true to say that, while the union has about 4,000 members, all employed on the Sydney Steel plant, its Union Hall is incapable of seating more than 200 persons, that its regular meetings are not attended by anywhere near that number, and it is at those meetings that the policy which is to govern over 4,000 men is decided by less than 5 per cent of that number.

The manner in which union affairs are conducted shows either a lack of interest or a lack of confidence in the union. One year ago the union was electing a national director. The present incumbent of the post was opposed in that election by a man who was president of the Sydney local. That local, with a membership then of about 4,000 men, cast a total of 1,800 votes in the election, roughly speaking. The management offered to facilitate the casting of votes in that election by making available to the union polling booths in each and every department of the Sydney plant, each booth to be run entirely by the union, the company to have no connection whatsoever except to supply the space. This offer was rejected by the union. We were given to understand that, while the local union executive would have been pleased to accept management's offer, the national office ruled otherwise.

May we suggest that this union and many others have already built themselves up to a position of strong political and economic power. That position has been reached without the acceptance of any of the usual responsibilities which go with privilege. Has the time not been reached when the security of employer as well as the union should be given consideration?

As already stated, our management has, to the best of its ability, lived up to the terms and obligations of the contract we have had with this union throughout the past six years. I wish I were able to say that the union on its part had done the same. Unfortunately I cannot say so.

During those same six years, that contract has been broken many times; on occasions by the union itself, on other occasions by members of the union. In fact, on June 4th of this year, and continuing even after the appointment of a commission to investigate the dispute, the contract was broken by the men at the coke oven batteries instituting a deliberate slowdown. Prior to June 4th of this year, the schedule at the coke ovens called for the pushing of 76 ovens each eight hour shift and thereby producing over 1,500 tons of vitally needed coke daily. On June 4th the men deliberately reduced that schedule to 60 ovens per shift, producing about 1,200 tons of coke daily. This action naturally increased the cost of production. It curtailed the production of coke, a hard domestic fuel, at a time when ministers of the Crown and the fuel controller were publicly drawing attention to the fuel shortage situation and,

in fact, issuing directives to us to increase the amount of coke available for domestic consumption, even though by so doing steel production had to be curtailed.

The men concerned had no protest against the company. Their action was a protest against a recent decision of the National War Labour Board. I might say in this connection that before Commissioner Roach the union representatives stated that the men concerned felt that people in Quebec and Ontario had never been particularly anxious to use Nova Scotia coal and coke in normal times, and that the men did not see any reason now why they should work to provide coke for those places.

Those men taking part in that slowdown have been drawing their full pay while producing only 79 per cent of the coke they should be producing.

The action of these men, even before the present strike started, lost to the country a total of 12,300 odd tons of hard domestic fuel. Their action is in violation of the law of the country, of the contract between union and management, and it is also in violation of the rules of their own organization.

Their action resulted in some of their fellow employees being put on shorter working hours. Unfortunately this was not an isolated instance. There have been a great many of a similar nature during the past six years. All of them have added to the operating costs of the company. In some cases they have resulted in serious damage to equipment. They do point to a deplorable lack of respect on the part of either the union or its members for the sanctity of their contract with the employer.

The CHAIRMAN: We will adjourn until 3.30.

The Committee adjourned at 1 o'clock p.m. to meet again at 3.30 o'clock p.m.

The Committee resumed at 3.30 o'clock p.m.

Mr. CROLL: Before we start, Mr. Chairman, I would like to say that the committee this morning dealt with the procedure to be followed, and I think we decided that we would hear Mr. Justice Roach and then hear the members of the Labour Department, but it strikes me that in view of the evidence to-day that we might be seriously criticized if we neglected the human relations that are involved in this case. We have yet had no evidence from anyone as to how these strikes erupted.

I submit that up to date we have had briefs and charges. I think, on the evidence of Mr. Hilton, we were given the impression that he was protecting the workers from the union and Mr. McMillan was complaining of control from the top. The present witness has somewhat the same to say as Mr. Hilton did.

My suggestion is that the workers who are primarily interested in this should be invited to this committee. I would like to suggest that the chairman be empowered to invite two men from one side of the fence and two men from the other side of the fence in the Steel Company of Canada and also men from each side from the Algoma Steel Corporation and the Dominion Steel and Coal Company. I think that if we do not do that, we will not succeed.

Mr. JOHNSTON: How would you choose the individuals?

Mr. CROLL: Let the company choose two men and the union choose two men. They are under oath here and we can question them and find out what the facts are in the case. We cannot go any further. I think we ought to pay their expenses and bring them here on that basis.

Mr. LOCKHART: Might I suggest to Mr. Croll that I am in agreement with him in part, at least, but may I also say that he should not rush into the press saying that dangerous patterns are being set up.

Mr. JOHNSTON: Should not this matter be referred to the steering committee for their information?

The CHAIRMAN: This question, but not exactly the same question, but one of the same nature, came before the steering committee this morning, and the general opinion was that even if we had two men picked out by Mr. Hilton and two men picked out by the union, we will have the same stories we have had up to date, so that we would be wasting our time. However, if you desire to have this question brought up again before the steering committee, I have no objection.

Mr. JOHNSTON: Was it brought before the steering committee?

The CHAIRMAN: Not exactly the same question as raised by Mr. Croll. It was thought if the group went on a trip to Hamilton and questioned the workmen in the plant and also the outsiders, that we would have the same story as we have now, but this is another picture now. If the committee desires to subpoena two men from inside the plant and two men from outside, then I suggest to you gentlemen that this question should be brought up again before the steering committee.

Mr. GAUTHIER: It is certainly not a question that has come up here before. It is an entirely different question. I believe that the rank and file of the union should be brought up here because we are hearing all kinds of stories about this. It should be the privilege of these men, who have the outside opinion, to come before this committee and give us their frank opinion on this matter.

Mr. MACINNIS: Mr. Chairman, Mr. Croll's motion would indicate that he is not satisfied with the representatives of organized labour who are here and in a position to put the case for the workers to the satisfaction of this committee. If the committee so desires, I have no objection to asking such persons to come here, but I do not see how you are going to bring them here as representatives of, what we are pleased to call, the rank and file. I have heard this question of rank and file before, but I want it clearly understood, and I think this will stand for every trade union representative, that that does not take them out of the rank and file. If they want me to be rank, I will be as rank as any of them. How are you going to choose these men? You cannot send a telegram to the rank and file. You have got to send a telegram to some organization, and that organization will pick the representative that it is going to send here. If you send it to a company, they will pick the ones they will send here. If this committee feels that they would like to have men taken out of a shop and brought here, let them be picked by lot or some other way.

Mr. GAUTHIER: Mr. Chairman, when I seconded this motion, I wanted to make sure that those who are primarily affected by strikes or labour troubles in this country are here before this committee. These men know they are coming here under oath, whether he is a union man or a company man or whether it is the chief of police who takes them out. When those men are here under oath before this committee, I know they are sincere and honest enough and I have enough confidence in the rank and file of labour in this country to know that they will give a true picture of the matter.

Mr. HOMUTH: I think we are getting a little away from the ideas to why this committee was set up. This committee was not set up for the purpose of settling strikes. This committee was set up to try to evolve some machinery to make it impossible for strikes to happen in this country. If we are going to bring

someone from this union and someone from that union, then every union that is on strike and every man against that strike have the right to appear here before this committee. If that is right, then we will sit to the end of 1946. In the meantime we would like something done by this committee that is going to bring this striking in Canada to an end. It is not only threatening the industries that are on strike now, but other industries who are contemplating striking. I would like to put before the steering committee the advisability of having individuals from every striking plant in Canada come here and be heard by the committee. They have representatives. They have the men at the head of the organization, and they choose them, and those are the men from whom we should get that information, otherwise I see no end to this committee.

Mr. JOHNSTON: I would like to move an amendment that this matter be referred to the steering committee.

The CHAIRMAN: Carried.

Hon. Mr. MITCHELL: I would like to say this. I have been listening with a good deal of attention to the evidence placed before this committee. I think that after this committee is over that you will have brought a fair picture on the difficulties in labour disputes. What Mr. Homuth has said is pretty well true that if this committee could give a guide in this dispute and in any other dispute now or in the future, I think this committee's work will be worthwhile, but you cannot hear some and turn others down. Once you establish a precedent in this dispute, you have to carry it out throughout the other disputes. In a big, broad way the difficulties in the disputes at the moment are emphasized in a pattern. You have a number of strikes in the province of Ontario, and my suggestion is this, that this committee could right well be charged with bringing back the information that you might get from one side or the other. The committee has had an invitation to visit the plant there, and I would like to say this, that unless you wish to sit through the recess, and I do not know how that could be done, if you are going to listen to everybody, at the moment I do not think the labours of this committee will be finished between now and the resurrection.

Mr. GILLIS: On this question of further representation from the plants, I have no objection to them being brought here and heard, but I do not think that is necessary. We have in the room two men from the Syndey plant union, who were elected by the men there. I think they can be put on the stand and cover the situation there. I think that applies also to the other companies. Of course, it is a matter for the steering committee to decide, but I really do not think it is necessary. I would like to see the steering committee discuss this angle. This committee was set up and have faced the first task of settling this steel strike. A motion was made by this committee that the three companies would be summoned to Ottawa through their representatives, and they would be urged to get together with the steelworkers' union in this city while this committee was sitting, with the end in view of terminating the present difficulty. I would like to say this, that my experience for the last couple of days shows that the companies are not prepared to get together. If they are not prepared to get together, then this committee is not going to perform the function it was set up for. Mr. Hilton was adamant in his stand that he had nothing in common with the other two companies, and my own impression of the other two companies is that they will pay any wages the government will subsidize and they are able to pay. I think the steering committee should take into consideration ways and means by which the steelworkers' union and the managements can be got together. The method we are pursuing now of taking evidence and carrying that on indefinitely is not going to settle the problem. I say that the steering committee should consider the question some time to-day and report back to-morrow as to what machinery would implement the getting together of these people. I think that

you, as chairman of this committee, should issue some cautionary words to the members of the press. I see great headlines in the *Montreal Gazette*. I think they have done a great disadvantage to this committee. I believe this committee should go on record as against that form of propaganda while this committee is endeavouring to iron out a very difficult situation.

Mr. SMITH: Mr. Chairman, I rise to recall what happened in the committee on the opening day, or on the second day. I think the proposition was by way of a motion that the management of the three companies should be brought here and requested to go into conference with the representatives of the union. Mr. Howe made the suggestion, which was unanimously adopted, that they should be brought here—invited here, was the word used—and that their evidence should be taken first, and then after they should go into a conference, one with the other. I am entirely in agreement with Mr. Gillis and Mr. MacInnis up to that point. Nothing has happened since then, that I know of, to alter that position. My submission, therefore, is this, that we proceed as we then decided to proceed. I realize, in answer to a question from one of the members, that Mr. Hilton said he saw no reason why he should confer with the two other representatives, but I still go along with the Honourable Mr. Howe that after this evidence is taken that Mr. Hilton and the others of the management should be requested to go into such a conference. Why should they not do so? It was urged by Mr. Hilton that their problems were different. Even supposing they are, that is not fatal to a conference of that kind. Certainly some things are common. There was a difference here and there, but those are minor things compared with the general agreement on matters which are common not only to the steel industry but to all industry in this country. Someone may say that we will get no further. I doubt very much if the management of any steel company in the Dominion of Canada, without a most excellent reason, can refuse the request of this committee which is a representative of the parliament of Canada, and if they do, then the consequences of public opinion will rest squarely on their own shoulders. My suggestion is that we continue with the evidence of the management and then we, as a committee, request them to go into conference.

The CHAIRMAN: May I interject, Mr. Smith? According to the committee's wish this morning, I asked the Honourable Mr. Justice Roach to be here to-morrow morning. On the other hand, I am prepared to ask the steering committee to meet at my office to-morrow morning at 10.00, and then we will bring up these two questions, namely, to bring the three companies together around the same table with the union, and secondly, to bring in two representatives of both insiders and outsiders of the workers at the Hamilton plant. I understand that these are the two questions that will come up before the steering committee.

Mr. MAYBANK: Mr. Chairman, I agree to some extent with what Mr. Smith has said. Our main object has been to get the parties together. At the same time, I do not think you can very well break off in the middle of the evidence being given by Mr. Anson.

Mr. SMITH: I did not say that.

Mr. MAYBANK: I did not really mean to suggest that Mr. Smith had specifically said that, but I thought his expression was that the parties should be got together pursuant to a decision already made and that should be done almost immediately.

Mr. SMITH: I said that I specifically agreed with Mr. Howe after we had taken the evidence.

Mr. MAYBANK: We have desired to hear the evidence of Mr. Justice Roach, and likewise, there have been others whose evidence we did not want to hear

in front of the committee. It would seem to me at this stage that it would be better to get that evidence, the Department of Labour, Mr. Justice Roach and Donald Gordon, if you like, but, at any rate, I would not favour making a decision right now against having them in. I think it would be well to give that a little further consideration and let the steering committee decide at what point to break in on the evidence rather than right now to decide to break in on the evidence with that idea in mind. Of course, what we could do would be to strive to achieve that getting together, and while such negotiations are going on, to continue hearing other evidence here in committee. However I feel that representatives of both sides would want to be present when that was being done, and it seems to me to be a question of whether to stop the proceedings in this committee, or whether we should go on taking evidence before effecting that which Mr. Smith has been advocating. I would like to give it further consideration. I would like the steering committee to consider that. I think Mr. Anson will take all of this afternoon.

Mr. SMITH: Surely you are wasting time?

Mr. MAYBANK: I do not think so. Mr. Smith points out that there seems to be pretty broad agreement with what the Honourable Mr. Howe said.

Mr. SMITH: I was not suggesting that the committee cease sitting. I do not see why these people could not carry on while we are sitting. They will have people holding a watching brief, if I may use a lawyer's expression, hoping that no one thinks I am a lawyer. They have plenty of people to keep track of things.

Hon. Mr. MITCHELL: I am sure that we all want to be fair. You cannot hear one party without hearing the other. That is elementary. There is a question, I think, that we should have some guidance on, and that is the evidence as to the War Labour Board and the regional boards that they have been slow in their operation. Statements were made that there have been delays. I think, in fairness to the people in charge of those responsibilities, that they should be heard. It may rise out of the deliberations of this committee that the system of appointing commissioners is not a sound one. I do not know what Mr. Justice Roach is going to say, but this committee and the country should know something of the difficulties that confront men when they are appointed. Possibly this committee and the country will appreciate how difficult it is to get a man to act as a commissioner. Then, there is the other point, and we must not lose sight of that. This committee has some responsibility as to the whole question of the economic life of this country. I do not know of anyone better than the chairman of the Wartime Prices and Trade Board to give evidence here. In respect to this \$5 a ton increase in steel certain expressions have been used. I believe in the good, old British way that everybody who has been criticized about something they have done should have their day in court. Then this committee and the country will know whether the members of this committee, in the light of present day conditions, should amend the situation so as to get back to straight collective bargaining. It may be that other suggestions might be made. In dealing with this one dispute, we cannot forget that whatever decisions this committee makes that they will have profuse effect on the economic life of this country. You have disputes in rubber plants; you have the railway asking for an increase and you have disputes in automobile plants, and I understand that others will follow. Do not let us make any decisions with half the story in. Let us face the problem with all the evidence in and with no illusions before us. I welcome the appearance of the War Labour Board and the commissioner and Mr. Gordon before this committee before we give any fundamental decision as to the course we will pursue.

Mr. SMITH: No one denies what the minister has said. We have all agreed that these men should come here, but why should not some people be conferring

while we are listening to them here? The committee has only to request them to get together. I do not want anyone to think that anyone in this committee does not want to hear Mr. Gordon and Mr. Justice Roach. We have got to hear Mr. Gordon. He is the man who says that anything over 10 cents an hour increase is inflation. Let him come here and tell us why. He is the man we have got to have here, but that should not stop a discussion by two sets of people.

Mr. McIVOR: I think we should refer this to the steering committee, and get on with our business. I would be disappointed if we did not have the opportunity of hearing someone from the War Labour Board, and I think Mr. Gordon should be here, but leave this matter to the steering committee.

The CHAIRMAN: Carried.

Clement Anson, recalled:

The WITNESS: What I have said this morning about the project of the contract at Sydney illustrates what has already been said, that while unions have been given a great many privileges, and while they have been assisted in a great many ways in building themselves up, they have not accepted the usual responsibilities that go with privilege.

All of this points to the necessity of some form of employer security at the Sydney steel plant far more than it does to the necessity for any more union security. The management of the Sydney steel plant has already suggested to the commission now sitting on the steel dispute that the findings of that commission should contain some recommendation to bind the union to fulfill the obligations of any contract it signs and make mandatory the imposition of penalties for the breaking of such contract. The application of penalties should not be left to the discretion of either management or union. They should be mandatory.

Several ways of attaining this end might well be suggested, such as:—

- (a) The stoppage of the check-off for union dues for the balance of any contract in the event of that contract being broken by the union or by any of its members.
- (b) The imposition of fines on members of the union taking part in any stoppage of work or slowdown in violation of the contract. The automatic discharge from employment without recourse of any employee taking part in stoppage of work or slowdown in violation of the contract.
- (c) The requirement of the union to be incorporated so that it can be brought under the jurisdiction of the courts and held liable for damages arising out of a violation of the contract.

and perhaps:

- (d) The loss of seniority rights of any employee taking part in the strike or slowdown in violation of the contract.

or perhaps:

- (e) Loss of vacation privileges which he might otherwise enjoy for taking part in a strike or slowdown in violation of the contract.

That completes what I have to say in regard to union security.

On the question of vacations with pay, the management of the Sydney steel plant is not opposed to the principle of vacations with pay. It now gives

its employees one week's vacation with pay, providing they have lived up to the agreement with the union covering same, which requires certain attendance at work to qualify for such vacation.

It is presently costing the company \$112,000 per year to pay for the one week's vacation now enjoyed by its employees.

The present request of the union at the Sydney steel plant is for two weeks' vacation with pay for each individual. To this the company does not subscribe. If any industry could afford to grant more than one week's vacation with pay, it is our contention that only employees of long standing employment with the company should be entitled to same.

However, the management is obliged at this time to oppose the granting of additional vacations, even to such employees. To do so would add considerably to the production costs and, inasmuch as the Sydney steel plant is now operating at a loss, it fails to see how anybody can recommend anything which will add to that loss. So much for vacations with pay.

With regard to hours of work, groups of unions in Canada are presently conducting a concerted drive, whose aim is the establishment of a 40 hour working week throughout the country. The United Steelworkers of America included this demand in their present dispute at the Sydney steel plant.

Back in 1931 it was customary in the steel industry, particularly in those operations which must be carried on every day in the week, such as the coke plant and blast furnace, for the men to work seven days a week, twelve hours a day. In 1931 the Sydney steel plant inaugurated the eight hour working day, leading the industry in this respect. Shortly thereafter, an attempt was made to do away with men working seven days a week. The company tried to put in a six day 48 hour working week schedule at the coke plant. The company's action led to the men concerned issuing an ultimatum that unless they were permitted to work seven days a week if they so desired, they would strike. The attempt to introduce the six day 48 hour working week was abandoned.

Many employees in the plant do not want to work seven days a week, and it has been customary for any such employee to take a day off each week. His place is filled by a member of what is known as a "floating crew". At no time did, nor does the company insist a man work seven days a week.

During the war, with the shortage of manpower, it was necessary for many men to work considerable overtime, and many of those who were accustomed to only working six days a week willingly worked the seventh day.

In 1942 a Royal Commission under the Honourable Mr. Justice Barlow was set up to investigate a dispute between the management of the Sydney steel plant and its employees, represented by Local 1064, United Steelworkers of America. Before that commission, the union made representations that the men on the Sydney steel plant were working too many hours a week, and that they should not be called upon to work more than 48 hours a week; that if they did so, the company should be penalized by having to pay time and a half for such extra time worked. The commission evidently agreed with the union because in their finding they stipulated that, if the company did require a man to work on the seventh consecutive day, that man should be paid at the rate of time and a half.

Following the settlement of the dispute at that time, the management proposed to the union executive that it had the right to insist that no man should work more than six days a week, each of eight hours, and that in so far as manpower shortage permitted, it proposed to proceed accordingly. The union executive emphatically denied the management's right to institute a six day 48 hours working week without further increasing wages, which had already been increased by 6½ cents an hour in the settlement of the dispute.

On April 3 of this year, with the return to employment of men who had served overseas, the company again decided to institute the six day 48 hours week. The first move in this direction was made the electrical department, a department in which the men employed had shortly before been awarded wage increases, and had received retroactive pay for the period back to August 22, 1942—19 months—amounting to as high as \$680. The company insisted on the introduction of the six-day working week in this department, with the result that the men concerned went on strike and stayed out for three and a half weeks.

The bulk of the men who took part in this strike were among the higher paid classifications, the electrician's rate being 90 cents an hour, and section electricians' rate being 82½ cents an hour.

As a result of the directive issued by the fuel controller, requiring shipment of increased quantities of coke to the domestic market, it was necessary in June to blow out one of the three blast furnaces then operating. This meant a reduction in the number of men working in that department. It was proposed to the union committee representing that department that the men still to be employed should be confined to a six-day 48-hour week and, second, by so doing a greater number of men would have been required to carry on operations and therefore it would not have been necessary to discharge all the surplus men resulting from the shutdown of the furnace. The union committee, presumably with the approval of the local union executive, refused to permit the introduction of a six-day 49 hours week working schedule.

The union, in discussing a shorter working week, has definitely mentioned the possibility of increased production to compensate for the reduced hours. Unfortunately, our experience proves that this does not come about. For instance, the rod mill at Sydney is driven by an electric motor which operates at full speed. The billets going through the mill to be converted into rods travel one after the other with the shortest possible interval of time between billets, and there is no way in which the men of that mill could increase production to an extent to anywhere near compensate for the reduction in hours.

At the blast furnaces the furnace is in blast, producing iron at all times excepting for a few minutes at the end of the cast period, six times in 24 hours, or during the occasional times the furnace is off for changing tuyeres, etc. Unless there was a reduction in the number of men employed at the furnace as a result of shorter working hours, the institution of the shorter working week there could not be compensated for by any effort on the men's part to increase production.

At the coke oven batteries, ovens are pushed on a time schedule depending upon the speed of coking coal. Our ovens, prior to the slowdown which has been instituted by the men in recent weeks and which the union has not exercised their power to stop, even though they admit that the position is untenable, have been operating at their fastest possible coking time. Here again, unless there was a reduction in the number of men employed, no possible effort on the part of the men could compensate for the reduced working hours.

The same conditions apply in so many parts of the steel plant that any promise on the part of the union that greater production can be obtained sufficient to compensate for the additional expense involved, is made without adequate knowledge of conditions that exist. The fact remains that reduced working hours with increased wage rates to compensate for same will inevitably increase costs in proportion to the increased wage rates.

The union has suggested that dominion purchasing power must be increased, and that one way of doing this is to reduce hours of work and give more people work and wage rates must be increased at the same time.

It is respectfully submitted that the only way to achieve shorter working hours without adding to the cost of living is to achieve the same production in the shorter time worked as was possible in the longer working hours.

I will now go on to the question of wages, and this is undoubtedly the most important of all factors which have led up to the present interruption of operations at the Sydney steel plant. In this connection the union has demanded two things:--

- (1) That the minimum rate to be paid to common labour be 84 cents an hour.
- (2) That there be a uniform common labour rate throughout the three primary steel producing plants in Canada.

I propose to deal with the subject of wage rates under these two headings.

In regard to increased wage rates, the union has demanded that the common labour rate at Sydney be increased by 42.1 per cent. The Sydney steel plant is not paying sub-standard wages. The minimum rate paid on that plant for common labour is 59½ cents an hour. This compares with the average throughout Canada.

Of the total of some 4,000 odd employees on the steel plant payroll, 16 per cent come within this category.

The total payroll of the Sydney steel plant in 1945 was \$9,234,480, not including any salaried employees. The demand of the union would add to the payroll some \$3,064,852 per annum.

The present management has been operating the Sydney steel plant since 1930. At that time the minimum labour rate was 36 cents per hour and the average hourly rate of all employees was 44 cents per hour. The plant gave work to a daily force of 2,148.

In 1945, with 4,253 men employed daily, the minimum common labour rate had risen to 59½ cents per hour, an increase of over 65 per cent. The average hourly earning rate of all employees had increased by over 72 per cent.

Using the latest figures available, that is, those of 1944, we find that while the Sydney steelworkers had bettered their position over the 14 years elapsing between 1930 and 1944 by 70½ per cent, the average Canadian worker had only increased his wage position by some 37½ per cent.

Now let us examine the cost of living figures as published by the department of the Dominion Bureau of Statistics over the same period. We find that in 1945 the cost of living index was 1.1 per cent lower than it was in 1930. Thus, while the cost of living index shows 1 per cent lower last year compared to 15 years ago, the Sydney steelworker had increased his hourly earning capacity by over 70 per cent.

I have here, Mr. Chairman, some charts which if you care to have us do so we will be prepared to submit as exhibits.

Mr. ROBINETTE: Oh yes, quite.

The WITNESS: This illustration of figures that I have just given is comparing the average wage rate at Sydney with the average throughout Canada.

Mr. ROBINETTE: We will put those in as exhibits and arrange to make them available to members.

Exhibit 20—Is the chart of the Dominion Steel and Coal Corporation Limited showing hourly wage rate increase received by Sydney plant employees and wage increases of average major manufacturing employees, in graph form.

Exhibit 21—Is a graph showing the relationship between the minimum base hourly wage rate, average hourly earnings at the Sydney steel plant in relation to the cost of living index.

The ACTING CHAIRMAN (Mr. Maybank): Gentlemen, these exhibits I think can be produced all right by the printer but it is possible that it will take a little longer to get them out than it would ordinary printing. I suggest

to you that it be understood they will go into the record as an appendix to the statement by Mr. Anson, but they may not be available at the same time as the printed report of his evidence. They are rather simple graphs and should not be hard to reproduce. Would that be agreeable?

Carried.

Then it is understood that these will be produced in the minutes as an appendix to the statement of Mr. Anson, and committee members will just have to be patient with regard to the production of them in the record.

Continue, Mr. Anson.

The WITNESS: Only seven months ago over 1,400 employees of the Sydney Steel Plant received special wage increases, as a result of what is known in the industry as the "Ley" Report of the National War Labour Board. These increases ranged up to 25 cents per hour. That same man who received the 25 cents increase seven months ago is now demanding an additional 24½ cents increase.

Included in that same group were a number of men whose rate before the increase was 80 cents an hour but by the award were increased to 90 cents per hour, and those same men are demanding an additional 24½ cents per hour. In other words, those men are asking that the rate of 80 cents per hour, which they enjoyed in 1945, be increased by 34½ cents more, or 43 per cent.

All employees of the Sydney Plant during the war years have received increases amounting to at least 16 cents per hour. In 1944 the employees of the rail mill were given special increases by means of an incentive bonus, which has permitted them to add to their earnings from 6 to 8 cents an hour. In other words, during the war years these men have enjoyed an increase of over 20 cents an hour and they are now demanding a further increase of 24½ cents per hour.

The union's publicity in connection with the present wage and hour demands has been well handled. It has been seen repeatedly in the press of the country that the union is asking only for an increase of \$2.60 per week, which on the face of it perhaps does not sound too exorbitant. That, however, is not what the union is asking for, particularly at Sydney. There they are asking that for each hour worked the employees' rate be increased by 24½ cents per hour, and that increase, on the basis of 48 hours' work in a week, amounts to \$11.76. The union's publicity has made great play of using as a standard what they call an average family of man, wife and three children. We respectfully submit that the average Canadian family is not that large. As a matter of fact, the average family of the employees of the Sydney Steel Plant totals 3.3 persons.

The union's wage demands have been based on their request for a minimum yearly earning of \$1,750, i.e. \$7 a day.

In normal times replacement of the working force of the Sydney Steel Plant comes mainly from the sons of present employees, usually a boy who has just finished school. He is totally inexperienced and in all likelihood not fully developed yet physically. Yet the industry is now asked to pay that boy \$7 a day. That boy cannot do sufficient work to return to his employer \$7 worth of labour.

It is respectfully submitted that there is no economic justification to warrant such wage increase as is demanded under threat of strike action.

If, for increased wages, only the same amount of work is produced, then it is axiomatic that the resulting goods will cost more to produce. That cost must be passed on to the consumer by means of increased prices, and, if prices go up each time wages are increased, then the employee at the end is no better off than he was at the beginning.

Ability of the company to pay:

Notwithstanding all theories to the contrary, it is still a proven fact that one cannot, over a period, that no plant can pay out more than it earns. The proverb of "The Goose that laid the Golden Egg" is still as true to-day as it was

when it was first heard. The Sydney plant can be just as surely wrecked by insistence on payment of labour rates in excess of its capacity to pay as it can by any other means.

The financial position of the Sydney Steel Plant is that it is losing money. Increased wage rates, without added compensation either by means of increased productivity or increased prices for its products, will add to that loss and further jeopardize the continuation of the plant.

In 1943, the Sydney Steel Plant was operated at a loss in excess of \$10,000,000. In 1944, the loss was about \$7,000,000; in 1945, the loss was over \$3,000,000. This year to date operations are being carried on again at a loss.

It is true that the federal government, during the war years, requiring steel as it did for the country's war effort, partially reimbursed the company for the losses sustained and mentioned above. It is possible that the government may be prepared to assist in meeting the losses to be sustained this year, but how long will the taxpayers stand for the pouring out of millions to support this plant? How can increased wage rates be justified under these conditions, particularly when the wage rates presently paid are higher than the average paid throughout Canadian industry?

The union has stated that the recent price increase was sufficient to include increased wage rates. This is a direct contradiction of the facts. At no time was there any understanding between our company and the government or any government official that the price increases granted as of April 1, 1946, were intended to be followed by wage increases. Those price increases were granted as being necessary to partially offset the increase in costs to the company throughout the war years, due to wage increases and to the increased cost of raw materials and supplies. Those price increases were not even sufficient to cover the increased cost resulting therefrom.

Even with the recent price increases in effect, the operations of the Sydney Steel Plant are being carried on at a loss.

Uniformity of wage rates:

One of the union's demands is that there be uniformity in the common labour rate throughout the primary steel industry. This brings up a point which is of the most vital importance to the Sydney Steel Plant. If that plant was compelled to pay the same wage rates as are paid, or might be paid by the other primary steel producing plants, the competitive position of the Sydney Plant would be made that much more difficult than it always has been. If a plant cannot meet competition it cannot get business and if it cannot get business the employees of that plant cannot work.

The impossibility of introducing uniformity in wage rates throughout the plants of the three primary steel producers becomes quite evident upon investigation of the conditions under which each company operates. Uniformity of wage rates could be achieved if other conditions were uniform: that is to say, if:—

1. The raw materials used by each company were identical in chemical and physical characteristics.
2. The prices paid for materials and supplies used in the production of steel were identical.
3. The equipment used to make steel was identical throughout the three plants.
4. The tons produced per man hour worked were identical in all plants.
5. The products produced were the same in all cases.

and finally,

the products were sold in the same markets and the prices realized for the sale of such products were identical in all cases.

We propose, in the following to place before this committee information to show that none of the above conditions obtain, that, instead, in each case, conditions are widely different; that there is absolutely no uniformity in any of these factors. We suggest, therefore, that the lack of uniformity and its effect on costs at individual plants must inevitably lead to the conclusion that there cannot be uniformity in wage rates.

"A", Raw Materials:

The three principal raw materials used in the manufacture of steel are iron ore, coal and limestone. Of these three, the two so vitally important are iron ore and coal.

Other Canadian plants get the bulk of their ore supplies from the Lake Superior region. Sydney gets its ore from undersea deposits in Newfoundland.

Other Canadian plants get their coal from the United States. Sydney gets its coal from the Cape Breton deposits.

The chemical and physical characteristics of both iron ore and coal used by Sydney, as compared to Ontario plants, are so widely different as to make comparison almost impossible.

Iron ore:

Compared with ores used by other Canadian plants, Wabana ore, used by Sydney, suffers from a number of disadvantages.

Wabana ore has less iron and manganese and more impurities than the Lake Superior region ores. The excessive impurities are phosphorus, silica and alumina.

Iron and manganese are the useful elements in ore. On the dry basis, Wabana ore contains about 6 per cent less of these elements than do Lake ores.

Phosphorus cannot be removed in the blast furnace. All of it goes into the iron. When this iron is converted into steel in open hearth furnaces, the removal of phosphorus constitutes a major problem.

The silica and alumina must be combined with lime in the blast furnace to form a slag which can be separated from the iron. The more silica and alumina in the ore, the more limestone must be charged with it and the more slag must be produced and disposed of.

Formation of slag and heating it to the proper temperature consumes a considerable amount of coke fuel.

For our normal yearly production of iron, we use amounts of limestone and coke greatly in excess of the amounts required to make the same yearly production of iron from Lake ores.

In round figures, the Sydney blast furnaces have to use about 100,000 tons more limestone per year than they would use if they had the same ores as used in other Canadian blast furnaces. This not only means the expenditure of money to quarry that limestone, but, inasmuch as it is imported from Newfoundland, this extra tonnage requires the services of a 10,000 ton ocean going vessel, running continuously for two months to deliver that additional quantity of limestone. That is not the end of the story. That excess limestone must be unloaded, stocked, lifted again, and charged into the furnaces, all requiring the use of manpower and equipment. We have still not reached the end of the additional expense entailed, because, after that limestone has been put into the blast furnaces, converted to slag, still more men and still more equipment are required to remove that slag from the furnaces and dispose of it on the slag dump. All this manpower engaged in the quarrying, transportation, and handling of the limestone and slag, the use of the 10,000 ton steamer for two months, the capital cost, operating and maintenance cost of all the equipment entailed, would not be required were Sydney's raw materials comparable in quality with the raw materials used in other Canadian plants.

The foregoing remarks apply only to the handicaps under which the blast furnaces at Sydney operate, using Wabana ore, as compared to ore used by other Canadian plants. At this stage, we are only half-way along the road to meeting the problems involved. The iron made from that ore must still be converted into steel.

Iron made from Wabana ore contains over 1.5 per cent phosphorus five to ten times that found in iron made from Lake Superior ore. To convert that iron into steel in the open hearth furnaces, roughly 98 per cent of that phosphorus must be removed, otherwise the steel made would not meet the customers' specifications.

In open hearth furnaces, phosphorus is removed by the use of iron ore and lime. Ore supplies oxygen, which combines with the phosphorus to form an oxide, which is then seized by lime and held in the form of slag. The more phosphorus there is to be removed, the more ore and lime are required, and the greater the quantity of slag formed. Lime is supplied in two forms, either as limestone or as lime made from limestone. Because of our high phosphorus iron, the Sydney plant uses over 35,000 tons more limestone per year in its open hearth furnaces than it would use if its raw materials were of comparable quality to those of other plants.

Thus we find that, between the blast furnaces and the open hearth furnaces, the Sydney plant's yearly requirements of limestone are approximately 135,000 tons in excess of what they would be, using ores available to our competitors.

This feature can be illustrated in another way, by pointing out that Sydney blast furnaces produce 1600/1800 lbs. of slag for every ton of iron made, as compared to a figure of from 900 to 1100 lbs. at plants using Lake Superior ores.

The Sydney open hearth furnaces produce about 600 lbs. of slag for every ton of steel made, as compared to a figure of about 225 lbs. in plants using Lake Superior ores.

The production of these vastly excessive quantities of slag, the conversion of limestone to form that slag, and to carry out the necessary reactions, require the use of abnormally high quantities of fuel. These will be dealt with under the heading of "coal". Before doing so, however, there is one other factor which greatly contributes to operating costs, and which is entirely attributable to the high phosphorus content of Wabana ore.

The removal of phosphorus in the open hearth requires a supply of not only limestone but also iron ore, the latter to supply the oxygen necessary to oxidize the phosphorus. Our Wabana ore cannot be used for this purpose because it contains far too much phosphorus itself. What is known as a "high grade" iron ore, practically free from phosphorus, must be purchased for this purpose. Such ore is bought in either Brazil or Sweden and transported over four thousand miles. The cost of such ore, delivered Sydney, is very high, and when it is realized that some 75,000 tons of such ore is used annually by the Sydney open hearth furnaces, one can reach some understanding of the added expense entailed in making steel at Sydney.

All steel plants use a quantity of high grade ore for open hearth refining purposes, but, out of the 75,000 tons that Sydney uses, 30,000 tons of it is used solely because of the high phosphorus content of Wabana ore. If materials of comparable quality to those used by other Canadian plants were available for Sydney, the quantity of this high grade ore used would be cut almost in half. This ore costs Sydney considerably more than double what it costs upper Canadian plants to deliver the types of ore they use for the same purpose at their plants.

Coal

Coal used at the Sydney plant comes from Cape Breton coal fields. While this coal is an excellent fuel for industrial and heating purposes, it is less suitable coal for metallurgical coke than that used by other Canadian steel plants. It is, however, the only Canadian coal available to the Cape Breton steel industry and, in spite of its unsuitability, has had to be adapted to the manufacture of steel. It contains far too much sulphur; its volatile content is too high to make a good grade of blast furnace coke.

The organization which prepares and issues most of the standard specifications for the guidance of manufacturers, buyers and inspectors, in the United States, is the American Society for Testing Materials.

This society issues a specification for coal to be used in making coke. Such coal, it declares, should not contain more than 1.30 per cent of sulphur. The average American coal for coke contains about 1.00 per cent sulphur. Cape Breton coal contains about 3.00 per cent sulphur.

The ash content, presently over 10 per cent, is also too high.

In our efforts throughout the years to use Cape Breton coal for metallurgical purposes, we are put to considerable expense which is not faced by operators using American coking coals. Before the coal is used in the coke oven batteries, it is washed, the aim being to remove as much of the sulphur and of the ash as is economically feasible. This operation alone adds appreciably to the operating costs of the Sydney Steel Plant. No other steel plant in Canada washes its coal.

Not only is there the expense entailed in the use of manpower and machinery, but there is also a very heavy item of expense in the loss entailed in the washing process.

The washing process used is one which separates by gravity the heavier pieces of slate and slatey coal from the better coal. The heavier pieces sink to the bottom of a stream of water, while the better coal flows on to screens or into pits to drain off the water.

The material lost in washing is made up of three portions:—

1. Rock and slate.
2. Pieces of coal which contain slate heavy enough to sink them in the stream of wash water.
3. Very fine coal which is carried off in waste water.

The third portion is small and fairly uniform and does not depend on the amount of slate in the coal. The first and second portions, however, increase with the amount of slate or ash in the coal as received.

The washing process can be adjusted to remove a greater or a less amount of slate and slatey pieces from the coal. In general, all the free slate is removed in the first stage.

To remove all the slatey coal, however, would mean the loss of too great an amount of the better coal in the pieces which are coal with more or less slate in them.

Practically, then, the washing process removes the slate, and, in addition, as much of the slatey coal as is warranted by the improvement in the coke made from the lower ash coal.

For the first five months of 1946, the coal, as used at the Sydney coke plant, has had the following average analysis:—

Sulphur	3.01 per cent
Ash	10.11 per cent

After washing, the analysis has been as follows:—

Sulphur	2.69 per cent
Ash	6.98 per cent

The coal that we use, therefore, as received, contains more than twice as much sulphur as the American Society for Testing Materials sets as the maximum for use in making coke. It has nearly three times as much sulphur as coal used in other Canadian plants.

Even after washing, and the expense entailed therein, our coal still contains twice as much sulphur as the maximum desirable, and more than twice that of the coal used in other Canadian steel plants.

In the washing process, during the first five months of this year 8.83 per cent of a washing loss was entailed.

With our normal yearly consumption of approximately 800,000 tons of slack coal for coking, the amount lost in the washing process, over 700,000 tons represents a tonnage of coal equal to the total production of slack coal of one of the biggest mines in Cape Breton for a period of over three months.

It is not economically possible thoroughly to dry the coal after washing it. The result is that the coal going to the coke ovens contains a great deal more moisture than is common to other plants. That moisture must be driven off in the coke operations by the application of heat, and that means higher costs.

Volatile matter in coal:

Cape Breton coal is what is known as a "high volatile" coal, containing 35 per cent of volatile matter, as against about 29 per cent in coking coals used in other Canadian plants.

High volatile content has two effects:

- (a) Lower production of coke per ton of coal.
- (b) Poorer quality coke.

Effect of volatile content on coke production:

Coal is coked by placing it in a brick oven and heating it until practically all the volatile matter is driven off. Obviously, the less volatile matter there is in the coal, the more coke is obtained from an oven full, and thus fewer ovens are required to produce a given quantity of coke.

Compared with the coals in general use for coking in other Canadian plants, Dominion coal yields less coke per ton of coal used and per oven pushed. It is true that the high volatile content means greater recovery of by-products per ton of coal carbonized, but the return from those additional by-products is insufficient fully to recompense for the lower coke yield.

This difference in volatile matter means that in a normal year we charge into our ovens 45,000 tons of Dominion washed coal in excess of what would be required if American coal was used.

In effect, this means that from 100 tons of Cape Breton coal, we get approximately 65 tons of coke. From 100 tons of United States coals, as used by our competitors, we would get about 72 tons of coke.

It further means that, whereas we now operate 180 ovens to produce the coke needed for our operations, only 166 ovens would be required were we using United States coking coals. More ovens in use means more manpower to operate them, more capital expenditure to build them, more expense for maintenance; in effect, a higher cost of producing coke.

Effect of volatile content on coke quality:

The commonly accepted measure of strength of coke, as used by the steel industry, is called its "stability factor". In our coke, the stability factor is little more than half that of coke made from United States coking coals.

As a result of its weakness, or lack of stability, Dominion coke suffers much degradation in handling; more important still, in a blast furnace, where it must carry the weight of huge quantities of ore and limestone, it breaks up and obstructs the passage of the reducing gases.

The object of blast furnace operation is to reduce iron from the ore, so that anything which obstructs the passage of the required reducing gases always lowers the efficiency of the process.

It is an accepted fact in the steel industry that weak coke reduces blast furnace efficiency. The proof of it is in the pounds of coke required to produce a ton of iron. This will be dealt with later on.

Effect of high sulphur coke in the blast furnace:

Coke made from Dominion coal contains more than twice as much sulphur as coke used elsewhere in Canadian steel industry.

In the blast furnace process, all materials are charged at the top of the furnace. These materials are mainly, iron ore, limestone, and coke.

The iron ore is the source of the iron, which it contains in the form of compounds with oxygen. The process separates or reduces the iron from the oxygen.

However, separating the iron from the oxygen is not very difficult. The biggest problem is to purify the iron, and, most particularly, to keep sulphur out of it. Consequently, the more sulphur there is in the materials charged, the more difficult the problem of blast furnace operation becomes.

The purpose of the limestone, which is charged along with the ore and coke, is to provide a slag to hold the impurities, including the sulphur, and prevent them from contaminating the iron.

A slag of a given composition will hold only a given amount of sulphur. With twice as much sulphur to handle, we must make a great deal more slag, and to do so we must use much more limestone than other Canadian blast furnaces.

To melt and heat this greater amount of slag to the proper temperature requires the use of a greater amount of coke fuel.

Higher sulphur coke compels the use of proportionately greater amounts of limestone and coke for making slag.

Combined effects of poorer quality raw materials:

It is difficult in either the blast furnace or the open hearth to separate the effects on the process resulting from the use of high sulphur, high volatile Cape Breton coals, and low iron content, high silica, high phosphorus Wabana ore. It is not at all difficult, however, to those having any familiarity with the industry, to recognize the combined effects.

In the production of iron at the blast furnaces, the net result is that for every gross ton of iron made, we use approximately 2,300 lbs. of coke to produce that iron. In plants using Lake Superior ores and United States coals, the coke used per ton of iron made will be found to average under 2,000 lbs.

In the April issue of the "Iron and Steel Engineer", there is an article by T. J. Ess, called the "Modern Blast Furnace". In that article is included a table showing the net tons of iron per day which blast furnaces of different hearth diameters should produce. It shows that a furnace of 18 feet diameter should produce 700 tons per day, and one of 20 feet diameter should produce 840 tons per day. We have two furnaces which come within the ranges of hearth diameter quoted. The average daily production from those furnaces, using the raw materials available to the Sydney plant is approximately 500 tons per day; or, in other words, about two-thirds of what they would produce using United States ores and coals.

It is pertinent to mention here that one of these blast furnaces, in particular, is modern in every respect. It was constructed in 1943 by the foremost firm of Blast Furnace engineers in the United States, and has all the modern improvements that were known to the blast furnace industry up to that time.

In discussing this feature of our operations, it is common for us to say that to produce the quantity of iron required to operate the Sydney plant at

full capacity, we blow three blast furnaces. If ore and coals of similar quality to that used by our competitors were available to Sydney, two only of these furnaces would be required.

The net result of lower production per furnace and higher consumption of coal means greater cost of iron produced. The story, however, does not end here. As already stated, the iron produced contains nearly ten times as much phosphorus as iron produced by our competitors. We have already explained what this means in the way of the use of extra limestone in the open hearth furnaces, converting that iron into steel, the excessive production of slag in the process. That extra slag compels the use of additional fuel, first, because it requires heat to melt the materials to form the slag, and second, the extra thick blanket of slag floating on the steel makes it more difficult to drive the heat down through the slag into the steel. We estimate that the extra fuel alone, required on account of this condition, is some 55,000 tons per year for capacity production.

The bath of an open hearth furnace will hold a given quantity of molten material. If an excessive proportion of that total quantity of molten material is slag, the net result is a lower quantity of steel. In other words, the furnaces which we operate in our No. 2 hearth shop, designed to give us heats of steel of 100 tons nominal capacity, would, if using the better raw materials used in other Canadian plants, be capable of melting and tapping heats nearer to 150 tons.

Not only is capacity of the furnace reduced but the time required to make a heat of steel is extended, due entirely to the quality of the raw materials. Whereas our 100-ton furnaces make heats of steel in approximately ten to fourteen hours, those same furnaces, using raw materials as used in upper Canada, would make heats in nine to ten hours. Each furnace requires at least the same number of men to operate. The net result is less tons per hour, less tons per man hour worked, greater capital cost, increased maintenance cost, and finally higher production costs.

One of the most prominent coal and coke consultants in the United States, Mr. W. T. Brown, who, for the past two years has been directing an intensive research campaign into our peculiar coke making problem, made a report to the Royal Commission on coal, and in that report, says:—

To my knowledge, there is no other steel making plant in the United States or Canada producing iron and steel from such poor quality coke and poor quality iron ore.

And, again,

I have called the attention of the Royal Commission to the inferior quality of the principal raw materials used for the production of iron and steel; namely, coke and iron ore, because these metallurgical problems extend directly back to the use of coal from the Sydney coal field. The Dosco operators are all familiar with these unusual problems, but the general public has no conception of what is involved when an industry has to face such problems as I have encountered here, and I wish to say that in my years of experience I know of no other steel plant that has both poor quality and high sulphur blast furnace coke and poor quality high silica and high phosphorus iron ore.

In my opinion, much credit should be given to Dosco management and operators, who, over the many years that the Sydney plant has been in operation, have been able to develop metallurgical processes for the production of iron and steel from two such poor quality raw materials.

Again, after commenting on the extensive research program being conducted in connection with coke production.

The coke will never equal the quality of coke produced by other coke plants in the U.S. and Canada.

One regrets the lengthy explanation required to set out the peculiarities of operations at Sydney, but it is not possible to properly explain this picture fully without going to such length. To those familiar with the operations of the steel industry, it is a recognized fact that the Sydney steel plant faces complex metallurgical problems, the like of which are not encountered elsewhere on the continent. In fact, we do not know of any plant in the world which faces the highly involved problem of making steel from raw materials which contain such abnormally high percentages of both sulphur and phosphorus.

"B"—Prices of materials and supplies:

All coal used at the Sydney Steel Plant comes from the Cape Breton Mines, but close proximity to these mines does not mean that the company enjoys any advantage over its competitors by way of cheaper coal. This coal is mined up to three miles out under the Atlantic Ocean. The tons per man mined averages less than half that of the United States coal industry. Costs are proportionately higher.

Sydney blast furnace ore comes from Newfoundland, this likewise does not mean that Sydney enjoys any advantage in price over its competitors. That ore is mined $2\frac{1}{2}$ miles under the sea, as compared to the great open pit mines of the Lake Superior range, and the cost of production is far greater. The cost of ocean transportation is very much higher than the cost of lake transportation.

Thus, for the two principal raw materials, iron ore and coal, the Sydney plant has no advantage in regard to price, and as already explained, is at a distinct disadvantage in regard to quality.

Limestone, the third of the three principal raw materials, comes to Sydney from Newfoundland. There again its cost has to absorb high ocean transportation cost, as compared to low lake steamer transportation. The cost of limestone delivered at Sydney is much higher than limestone delivered to lake points.

When we come to consider miscellaneous materials, of which millions of dollars worth are used each year, we find that Sydney is at a disadvantage. Many of these materials come from either Upper Canada or the U.S. Sydney must pay a long freight haulage from the point of origin to Sydney. Generally speaking, those materials, cost Sydney more than they do our competitors.

Central Canada is the principal steel consuming area of Canada. It consequently produces the major tonnage of steel scrap that is available to the industry. Sydney must purchase scrap in that district, and points ever farther west, because there is very little scrap producing industry in the Maritimes. The cost of transporting such scrap to Sydney, as compared to the cost of transportation to other steel producing plants, is high and means that scrap at Sydney costs more than it does to our competitors.

"C" Equipment:

The equipment used in making steel at Sydney must naturally be different from that used in other Canadian plants, due to the type of raw materials which it has to use.

For instance, no other Canadian steel plant washes its coal. The Sydney plant has a large coal washing plant.

The type of ore used in the blast furnace requires the operation of a crushing, screening and sintering plant; another piece of equipment that is not common to all of the three primary steel producers.

The open hearth furnaces at Sydney are all of the tilting design, made necessary on account of the fact that some part of the excessive quantity of slag used must be poured off during the processing of the heat. This type of furnace is not found at other Canadian steel plants.

Sydney has finishing mills which are different in character and produce different products to that in either one or both of the other primary steel producers.

Sydney is not adjacent to an abundant supply of low cost hydro power. It must generate its own power and does so in a very modern plant. Such a plant is not common to all the primary steel producers. To produce this power we use gases from the blast furnace which would otherwise be available for other heating purposes and for which we must now purchase coal.

It is not proposed to go into detail to show all the differences in equipment used, as the foregoing is perhaps sufficient to indicate that there is certainly no uniformity in the equipment used in the various plants.

"D"—Production per Man Hour Worked:

The information already given in regard to the quality of materials shows that our coke ovens, blast furnaces and open hearth furnaces produce during any given time a smaller quantity of product than do furnaces working on Lake Superior ores and U.S. coals. Due to excessive slag production conditions, more man power is required to operate our furnaces and dispose of slag. The net result is a lower output per man employed.

Perhaps the easiest way to illustrate this condition is to refer to the steel plant of the Steel Company of Canada at Hamilton, producing as it does over a million tons of steel ingots per year, with a total labour force of less than 5,000 men.

The Sydney Steel plant products less than 600,000 tons of ingots per year and employs almost as many men.

Apart from the natural lower output per man hour occasioned by the inferior quality of our raw materials, there are several outstanding instances of too many men per job which contributes to our lower labour efficiency. The most noticeable of these is the labour force of the coke oven batteries, where, due to union pressure throughout the war years, we have been forced to employ two men for every job, one working while the other rests. The management recognizes and has always provided for the necessity of having some "spell hands" on some of these jobs. The coke oven battery situation has gone too far and, with other cases, not so glaring, must be corrected before plant operations resume following this strike.

"E"—Products:

The products produced by each of the three primary steel producers in some respects are similar, and in others, widely different.

Sydney does not produce foundry pig iron—it cannot because of the nature of its raw materials. Both the other primary steel plants do produce this grade of iron.

Sydney produces a considerable tonnage of forging ingots, particularly those of large size, up to 60 tons, which are not produced by our competitors.

Sydney produces a large tonnage of steel to be forged into railway car axles. One of our competitors does not produce this type of steel and the other one only at rare intervals. On the other hand, our competitors produce many types of steel for the automobile industry, which we do not produce.

Sydney produces rails, as does Algoma, but the Steel Company of Canada does not.

At the Sydney plant a portion of its production is produced directly into wire and wire products. At least one of our competitors is not in this field at all.

One could go on for a considerable length listing the differences in products, but perhaps the foregoing is sufficient to indicate that there is absolutely no uniformity in this respect.

"F"—Prices Realized for sale of Products:

Under this heading we come to a very important feature, and one which of necessity must have an intimate bearing upon any decision which has to do with wages which can be paid in any industry.

In selling its products in the Canadian market, the Sydney steel plant does not realize as high a price per ton as does its competitors.

Its position is favourable in regard to the Maritime provinces' market, but unfortunately the volume of business available in that market is relatively small, and in itself, forms only a very small proportion of the total volume required to keep the Sydney plant operating. There are no large industrial steel consuming centres in the Maritime provinces.

The same thing can be said of western Canada. Here again there are no large manufacturing areas which consume steel in any appreciable volume.

It is recognized that the principal steel consuming market in Canada extends approximately from Montreal in the east to as far west as Windsor, Ontario. The centre of this market, from a volume point of view, is in the vicinity of Toronto. If the Sydney plant is to share in this business, and if it is to continue operating, it must do so, it is immediately faced with two distinct disadvantages.

Our principal competitors, situated as they are, one in the very heart of this market and the other on the immediate outskirts, are able to deliver goods to the customer with very little time lost in transportation from the point of production to that of consumption. In many instances, delivery is made direct by truck. On the other hand, to reach this same customer, the Sydney plant has to ship entirely by rail or water, or a combination of both, and at the best requires four or five days, but more usually from five to ten days, for transportation. In order to place business with the Sydney plant, a customer must order further in advance of his requirements than if he were to purchase elsewhere. In cases where a manufacturer gets an order requiring very quick delivery, he often cannot wait the time required to get steel from Sydney, and his business goes to our competitors.

The second disadvantage in respect to supplying steel to this market is that to reach it the Sydney plant is faced with the cost of freight for a rail haul which averages over one thousand miles. To get business at all, the Sydney plant must meet competitive prices. Once having got business at those prices, the freight charges from Sydney to the point of delivery must be absorbed.

To illustrate this more clearly, an example might be taken of the comparative returns on business secured in Toronto, already mentioned as being approximately the centre of the principal Canadian market.

Taking the rail freight rates paid by our chief competitor on products shipped to Toronto as the basis, shipments from Sydney to Toronto have to pay the following amount per ton in excess of that base:—

Rods	\$4.20 per gross ton
Bars	6.49 per gross ton
Nails and wire products	9.40 per gross ton

Thus, on shipments of products by rail to Toronto, the Sydney plant realizes \$4.20 to \$9.40 per gross ton less, at the point of production, than does its chief competitor. A similar condition applies in respect to shipments to other points in the central Canadian market.

It is true that the Sydney steel plant is more favourably situated in respect to export markets. Unfortunately, however, shipments to those markets must compete with steel produced in countries where rates of wages and standard of living are lower than those prevailing in Sydney.

It is true that there is some uniformity in regard to prices realized for the sale of products, but unfortunately, that uniformity is a uniformly lower price for Sydney than for our competitors.

The foregoing clearly demonstrates that there is no uniformity in respect to factors entering into the production of steel. This company submits that until uniformity in operations and their attendant incidents has been achieved in all units of the productive steel industry, there can be no uniformity in wage scale throughout the industry.

Conclusion:

The Sydney steel plant is operating at a loss.

The present demands of the union for increased wages, shorter working week, and additional vacations with pay, would add to the yearly wage bill of the Sydney steel plant over \$3,000,000. In the light of these conditions, how can the management of that plant grant any part of the present demands of the union?

After giving due consideration to all the facts governing operations at Sydney, we submit that there can be no justification for increasing wage rates, shortening working hours, or the granting of any demands which will further add to the cost of operations.

In connection with union security, the past and present record of the association of the United Steelworkers of America with the Sydney plant clearly show the necessity for some form of employer security at that plant.

The establishment of uniformity in wage rates throughout the three primary producing plants of Canada can only work to the disadvantage of the Sydney steel plant and so to the employees of that plant. The Sydney steel plant, on account of the complex and peculiar metallurgical processes which it faces in making steel from the raw materials which are available to it, and on account of the freight charges which it must absorb to deliver its finished materials into the Canadian domestic market, cannot afford to pay the same wage rates as are paid by other Canadian primary steel producers. To insist that it pay the same scale of wages could only add to the difficult competitive position that plant always has faced, and still faces. In the long run, such a policy would mean less business available to that plant and therefore less work for the men employed thereon."

By Mr. Robinette:

Q. Mr. Anson, I want to direct some questions to you on the problem of union security at this plant. I observe from your evidence that the local was first recognized in June of 1937. Is that correct?—A. Yes.

Q. And that was shortly after the coming into force of the Nova Scotia Trade Unions' Act.—A. That is correct.

Q. And prior to the creation or coming into force of the Trade Unions' Act, what legal obligation rested on your company to recognize the union or bargain with them, if you did not wish to do so?—A. The organization of the union in Sydney was not started until either November or December of 1936. Recognition of it took place not less than six months after the first attempt to organize.

Q. So you say you had no request from this particular union to bargain with it before a period of six months prior to the coming into force of this Act?—A. No.

Q. Then what do you say?—A. I beg your pardon. For a period of six months prior to it, there was no trade union there.

Q. For a period of six months prior to it there was no trade union there; then the union organized and was presumably under the provisions of this statute?—A. That is right.

Q. Then you entered into a Collective Bargaining Agreement?—A. We recognized the union as representing a majority choice of our employees.

Mr. SMITH: I am sorry but I cannot hear your answer.

The WITNESS: We recognized union 1064 as representing the majority choice of our employees.

By Mr. Robinette:

Q. I notice that the Collective Bargaining Agreement in force at the moment contains a voluntary check-off clause. That, again, I suggest to you, is a statutory obligation in Nova Scotia upon your company by virtue of the provisions of the Trades Unions' Act.—A. That is correct.

Q. Yes. Now, generally speaking, how have you found the voluntary check-off to work, from the company's standpoint?—A. Oh, it means a little bit of extra work and extra expense, but that is all.

Q. And it causes no great difficulty; you have no complaint about that?—A. No, none at all.

Mr. ROBINETTE: I would like to file as an exhibit a copy of the Nova Scotia statute because the committee might like to study its provisions and make some recommendation. It will be exhibit No. 23.

Mr. SMITH: You are merely filing it. It does not need to become a part of the record.

Mr. ROBINETTE: No, I am filing it just for the information of the committee.

By Mr. Robinette:

Q. Then, Mr. Anson, you apparently complained that the union has not kept its bargain with you. I suggest to you that the union might be in a better position to keep its bargain with you if it had a higher degree of union security or if it could properly discipline its members.—A. I am afraid I cannot contribute to that point of view. The union, I think, has about 90 per cent of the employees of our Sydney plant who are eligible for membership as members. We have found that during the period of our contract, the trouble we have had has been caused by union members. I do not recall any particular instance of where we have had any slow-down or stoppage which was caused by non-members.

Q. Take, for example, the slow-down that you described. I understand that the union admitted to you that the men who caused that slow-down were in the wrong and that they could not do anything about it because they could not discipline their members. What do you say to that?—A. That is correct.

Q. I mean, the unions acknowledged that the men who caused the slow-down were wrong.—A. That is correct.

Q. Yes, and this complaint was, at the same time, as I understand it, that they were ineffective to cure that position because they could not discipline their members. Is that correct?—A. I believe so.

Q. I suggest, for your consideration, that if your plan had a union membership provision whereby every member of the union must remain a member of the union for a definite period, and the union might subject him to discipline, then that might control the situation. What are your feelings about that?—A. I fail to see it. I do not see that it would give the union any more power than it now has. In connection with the coke oven slow-down, for instance, I asked the national director of the union if he would support me if I fired the man concerned. He replied to the effect that it was perfectly within my rights to fire them. I said, Can you get other members of your union to fulfil the duties performed by those men? And he very reluctantly admitted that he would be unable to do so. We wanted to fire them and I think the union wanted them fired, but they could not be fired. Now, if the union members to-day would not come and take the place of those men if they were fired, what difference would it make whether they had maintained membership or union shop or what have you.

Q. You mean that there was no one available there to replace those men?
—A. There is somebody there to do it if they will do it; but they will not do it, if there is a group out on strike or a group fired for a cause like that.

Q. You have obviously, from your testimony, not enjoyed good relations with the union, which is a fairly strong local. Have you considered, as a solution of that problem, the adoption of the formula which was suggested by Mr. Justice Rand? Are you familiar with it?—A. I am.

Q. The formula would afford your company some protection in the form of penalties.—A. I think my answer is in the record now. I suggested that union-employer security now requires some form of penalties along that line, or something similar to the Rand formula.

Q. Assuming that is so, unquestionably, it also involves deductions from the payroll of whatever the union dues are, deductions from the pay of every employee, whether or not he be a member of the union. Have you any objection to that?—A. Well, what I stated in my presentation would not.

Q. As far as union security goes, it strikes me that the solution of that problem in your particular plant is pretty close to the adoption of that Rand formula.—A. Well, what I stated in my presentation.

Q. Would not, as far as union security goes—it strikes me that the solution of the problem in your particular plant is pretty close to the adoption of the Rand formula?—A. Within 10 per cent.

Q. Within 10 per cent; that is not going to worry you very much, it is, because the union has already indicated more or less, that it would be prepared to accept the Rand formula in your company; and you are not far off on that, are you?—A. I have not heard the union say that they would, not in negotiations with us.

Q. If I were to tell you—or let us assume that they would—would your company be prepared to accept the Rand formula to solve the problem of union security at Dosco?—A. If the company, if Dosco can get something in the agreement which will impose adequate penalties and make them mandatory on the part of the union or its members, in case the contract is broken, we would have no particular objection, then, to a clause such as one maintaining membership, looking at it from a general point of view. We still do not believe in the company's signing away the rights of the individual at the plant.

Q. Mr. Justice Rand proposes this penalty. Would this be sufficient:—

In addition to any other action which the company may hereunder or otherwise lawfully take, any employee participating in an unauthorized strike or other concerted cessation of work not called by the union shall be liable to a fine of \$3 a day for every day's absence from work and to loss of one year's seniority for every continuous absence for a calendar week or part thereof.

That is a pretty stiff penalty. What do you say?—A. I think I would make the first part of the penalty that he be discharged from his duties, if the company so desired.

Q. You would add some other clause?—A. I suggest making the first part of the penalty that he be discharged from employment if the company so desires; but if the company does not desire to exercise that right, then the imposition of such penalties as the Rand formula provides.

Q. What the committee desires to do is to settle this problem and I suggest your company should very carefully consider the adoption of the Rand formula. I say that to you merely as a suggestion.—A. We are carefully considering it, and if we can ever get anywhere, on a common basis in this present dispute, I do not think there will be much difficulty in coming to an agreement.

Q. Have you ever got to a common basis in any dispute except by solving one problem at a time? Here is a chance to solve this problem.—A. May I suggest that this never came into the dispute between the employer and employee until a few weeks ago.

Mr. BEAUDOIN: Is that because there is a certain work arrangement?

Mr. SMITH: Will you speak louder, please, Mr. Beaudoin?

By Mr. Beaudoin:

Q. Is that because there is a certain work arrangement between the union and the company whereby employees are advised to become a member of a bargaining union?—A. No, there is no such an arrangement. We do not take any part in a man's desire or non-desire to join the steel union. We do not know who are the members of the union except that we had cards presented for the check-off. That is all the communication we have.

Q. I asked you that question, because in the evidence submitted to this committee by Mr. Millard, the question was put by Mr. Robinette: What about the maintenance of membership at either Algoma or Dosco? And the answer was this: It is almost an unwritten law that there is a working arrangement on these things and that the employees are advised to become members of the bargaining union. There is no provision in the agreement for maintaining membership? I gathered that the understanding of the union was that the relationship was good between the union and the company and that there was a certain working arrangement whereby the employees were advised to become members of the bargaining union. Is that a fact?—A. We do not advise our employees to become members or not to become members. It is none of our business.

By Mr. Robinette:

Q. I have had copies for the committee run off from the *Labour Gazette* containing the views of Mr. Justice Rand. I think they might be of interest to the committee. One other point, Mr. Anson. I do not know whether I got you correctly, but I think you said that someone had told you during the slow-down that the workmen would not provide coal for Ontario and Quebec?—A. My remarks were that some such statement had been made before Mr. Justice Roach during one of the hearings by one of the union officials.

Q. Were you there?—A. I was.

Q. Who stated it?—A. The president of local union 1064.

Q. What is the name of the president of the local union 1064?—A. Corbett.

Q. You heard what said?—A. I did.

Q. Was it said in heat?—A. He did not, as I recall it, appear to be heated particularly.

Q. What exactly did he say?—A. I cannot exactly recall it.

Q. I mean, what was the substance of it?—A. The discussion was centring on or about this strike, during a sitting of the commission, and he mentioned that the union had tried to get the men to go back to work to better production, but the men felt that Quebec and Ontario had not been too much concerned about using Nova Scotia coal and coke in normal times, and that these men felt now that perhaps they should not be too concerned about what Quebec and Ontario wanted now. It was something to that effect.

Q. That is the substance of the discussion?—A. Yes.

Q. And that was said by the president of the local union?—A. That is right.

By Mr. Gillis:

Q. Before we leave that point, and in reference to the witness' remarks, is not Mr. Corbett expressing that as his personal opinion?—A. I think that Mr. Corbett expressed it as being the views of some of the men concerned in the slow-down.

Q. I understood from Mr. Robinette's question or answer that Mr. Corbett expressed that as an opinion of the president of the organization.—A. I do not think so for one minute.

Q. I am advised that what he did say was that this was one of the excuses offered by the men in continuing that slow-down, and was not a personal opinion.—A. I do not think he had that opinion.

By Mr. Robinette:

Q. Would you say that it was the official view of the local?—A. Not for one instant, because I know in that case the union did make a lot of effort to get the men to abandon the slow-down.

Q. Let me pass on to vacations.—A. You mentioned a few minutes ago that our relations with the union were most unsatisfactory or some words to that effect.

Q. I judged from your testimony that it did not keep your contract.—A. That is the phase of our relations which is unsatisfactory.

Q. But outside of that?—A. Otherwise our relations with them—I would say we are reasonably well satisfied with our relations with them.

Q. So it is only with reference to what you contend, concerning breaches of the Collective Bargaining Agreement, that you say the relations have been unpleasant?—A. That is correct.

Q. Otherwise they have been very satisfactory?—A. Otherwise the union executives co-operated with us for the good of the plant; but in regard to getting them to live up to the contract, we do not seem to have made any headway.

Q. Apparently they are sincerely trying. If your relations are good, it may be a matter of inability to discipline their members. Possibly the solution of the Rand formula may solve it.—A. It may.

Q. Now, coming to vacations with pay, what is the picture at the present time? You state that they have one week's vacation with pay if the agreement is complied with. How many years' service do they have to have with the company before they get their vacation of one week with pay?—A. To enjoy a vacation this year, they have to have been in our employ all of last year.

Q. In order to enjoy a vacation in 1946?—A. They must have entered employment not later than January 1, 1945.

Q. And you say that in your opinion employees of longer standing are entitled to more than that?—A. I would say that we would be favourably inclined towards granting it if we were financially able to do so.

Q. At the present time, the only vacations is the one week, after being there a year?—A. That is correct.

Q. No special vacation is given to long term employees?—A. No.

Q. What period of time had you in mind when you suggested that you were willing to give additional vacations to an employee of long standing?—A. I would say at least five years in the employment of the company.

Q. At least five years. As I understand your evidence you say that you cannot do that without increasing the existing losses?—A. That is correct.

Q. Then as far as hours of work are concerned, to summarize the position at the moment, how many hours a week does a man in the plant work to-day?—A. If he so desires, 48 hours a week. Some of them who desire to work more may work 56. But we do not ask any man to work more than 48 hours a week except in cases of emergency.

Q. Would there be a sufficiently available labour force in Sydney to supply the additional help that would be required if the hours were reduced to 40 as suggested by the union?—A. I would say so, yes.

Q. Which means so far as hours of work are concerned that it is merely a matter of increased cost. I mean, there is nothing in the labour situation or in the nature of the operation which prevents you from working forty-eight hours a week or longer than forty-eight hours a week?—A. I would say it cannot be done immediately.

Q. Oh, I realize that.—A. Because there are not sufficient men trained in the categories of operations to change over immediately from what we are doing now to something different. Then again, I do not see how a forty-four hour work week could possibly be applied to the steel industry.

Q. Is that because of the continuous nature of the operation?—A. Yes.

Q. While a forty hour week might apply?—A. A forty hour week might be simpler to apply than a forty-four. Forty-four hours a week means five eight hour shifts and a four hour shift, whereas forty-eight hours means six eight hour shifts and is very simple to apply.

Q. Again, the adoption of any reduction in the hours of work would necessarily increase labour costs?—A. Oh, very much so.

Q. Then as far as your wage rates are concerned did your company make any offer to the union during the course of the negotiations as to increased wages?—A. We told the union prior to the appointment of the Roach commission, and in our submission to the commission we gave our financial position, and as a result of that condition we were unable to make any offer of increased wages.

Q. So in so far as the company is concerned it made no offer to increase wages, but indicated its financial inability to do so?—A. That is correct.

Q. So it gets down in your case to the fact that this particular plant operates at a loss. You take the position that you cannot afford, obviously, to pay any more. That is your position?—A. That is correct.

Q. Then you indicated that the loss at the Sydney plant in 1945 was \$3,000,000, and in 1944, \$7,000,000. I think it would be interesting to know as accurately as you can give them the details of any subsidy arrangement with the dominion government or any other government which enabled you to carry on and survive continuous annual operating losses.—A. The two arrangements negotiated with the government in 1945—the total subsidy given to the Sydney Steel plant is an offset against those losses—was \$3,096,935.

Q. That was in 1945?—A. Yes.

Q. Is the arrangement with the government that they will pay whatever your losses are?—A. No.

Q. Would you explain to the committee what arrangement you have?—A. The arrangement we had in 1943 was that the government would pay the difference in cost between the freighting of raw materials in 1943 as against what it cost to freight those same raw materials in 1939.

Q. Yes, is that the Dominion government?—A. The Dominion government. That was modified somewhat during the ensuing years with certain materials being excluded, and finally it boiled down to three items, Wabana ore, limestone and one other.

Mr. HOMUTH: In other words, the subsidy dropped every year.

The WITNESS: Yes, in 1943 it was practically \$10,000,000, and it dropped down to \$3,096,000.

By Mr. Robinette:

Q. I notice that you have there before you a pencil memorandum covering the losses and subsidies from 1939 to 1945. Would you have those typed out so that we could have them entered on the record?—A. Yes.

Mr. ROBINETTE: That seems to indicate what the position was.

Mr. CROLL: Have him read it and we can take it down.

By Mr. Robinette:

Q. Yes, will you do that please?—A. In 1939 the Sydney steel plant earned a profit of \$135,000. In 1940 the profits were \$393,000.

Mr. CROLL: What was your subsidy in those years?

The WITNESS: None at all. In 1945 we had a loss of \$1,297,000, and the subsidy during that year was \$1,810,000; in 1942 we had a loss of \$3,897,000, and the subsidy was \$3,534,000; in 1943 we had a loss in operation of \$10,819,000, and the subsidy was \$9,672,000; in 1944 we had a loss of \$6,625,000 and the subsidy was \$5,815,000; and in 1945 we had a loss of \$3,061,000, and the subsidy was \$3,096,000.

By Mr. Case:

Q. May I ask a question? When you are talking about losses is that operating loss?—A. That is loss before bond interest.

Q. Is there no provision for dividend on capital at all?—A. Up to this year no dividend was paid on common stock.

Q. Who absorbs the loss each year? How do you manage to take care of that?—A. That goes into the accounts of the Sydney steel plant—they are combined with the Dominion Steel and Coal Corporation as a whole.

Q. Is that a subsidiary?—A. It is not a subsidiary, it is a wholly owned unit.

Q. And they have to make up your losses?—A. Yes.

By Mr. Robinette:

Q. In other words, regarding the Sydney steel plant as a separate unit, it operates at an operating loss?—A. That is right.

Q. The operating losses are covered in some years by the amounts of the subsidy that you have received from the dominion government?—A. The amount of the subsidy received is not only predicated on the Sydney steel plant losses but also—I cannot give you the details because I am not completely familiar with it—but also there is something in that agreement which has something to do with the earnings of the corporation as a whole.

Q. Does the Sydney steel plant sell its products to any of its related companies, or to any subsidiary at prices more than market?—A. It sells its products directly to distributors as well as to its own subsidiary plants.

Q. I realize that.—A. The price is set for the sale of products to subsidiary plants who buy our steel; that is, the subsidiary plants who convert that steel into something else and at the start of the war it was based on the then market price for steel and has been adjusted upwards since in accordance with whatever has been authorized by the Wartime Prices and Trade Board.

Q. Well then, as far as the Sydney steel plant is concerned, have you with you a balance sheet and operating statement for the years that you have given us subsidy figures for, or, could you provide us with them?—A. I haven't got them with me but we can get such a statement duly certificated by our auditors.

Q. What we want to get at—I don't want to suspect that this particular unit is selling its goods at an under-valuation to create an artificial loss.—A. No. Perhaps I can clear that up for you.

Q. I wish you would.—A. What I meant when I said that these prices were set to subsidiary companies on the basis of the market price, they are not exactly the same as the regular selling price to outside customers, because in selling to our subsidiary plants we do not have to have salesmen on the road or undertake the usual selling expense; and, moreover, the tonnages received from these subsidiary companies would also indicate volume permitting us to schedule our mills in the most economical way and in setting the price we took such things into account. Now then, I come to your last question. I can answer that perhaps in this way: the actual price at which we sell our products to subsidiaries really does not enter the picture at all because the combined steel operation of the Dominion Steel and Coal Corporation throughout the same period shows that they also operated at a financial loss.

Q. Well now, so far as your own operation is concerned, you might tell us now does it show any outstanding debts in the form of bonds, mortgage or otherwise?—A. There was no set-up in the Sydney plant of that nature. The Sydney steel plant is one operating part of the Dominion Steel and Coal Corporation. The entire share capital and bond issue of the corporation covers its operation.

By Mr. Smith:

Q. May I just review one question at this point? In arriving at the operating losses of which you have told us that the plant has sustained, have you taken into account depreciation?—A. Depreciation has been taken in.

By Mr. Robinette:

Q. I did not understand the answer to the last question. Is the Sydney Steel Plant division of the Dominion Steel and Coal Corporation a separate corporation?—A. No.

Q. In other words that is just the name used to describe one operating unit of DOSCO.—A. That is true.

Q. So I ask you for the balance sheet and operating statement, can you give us the balance sheet of the unit as well as DOSCO as a whole?—A. We can give you an audited statement of the financial position of the Sydney Steel Plant in each one of these years.

Q. Yes.—A. We can give you the published balance sheet of the corporation too.

Q. I wish you would produce that if you can, please.

Mr. BLACKMORE: It would be well to call the attention of the witness to the fact that he nods his head. The reporter cannot hear the nod of a head. Also, may I suggest that you speak a little more loudly?

By Mr. Robinette:

Q. Then as far as the losses which are not covered by subsidies are concerned, they go into the general consolidated balance sheet of DOSCO?—A. That is correct, yes.

Mr. McIVOR: If you did not get these subsidies would you be able to carry on?

By Mr. Robinette:

Q. I have a question to ask you, if without the subsidy you have been obtaining from the Dominion government, you would be able to continue operating the Sydney Steel Company?—A. Personally, I do not see how it could have been operated without.

Q. Then, to summarize your position as I see it from your evidence, the wage problem is one in which the company necessarily has to remain neutral. It is a matter between the government and the union, is that a fair way of putting it? Or would I be unfair in putting it to you in that way?—A. I say we cannot remain neutral because we cannot be sure how long the government is going to subscribe to these losses.

Q. Yes.—A. We have got to take the position that some day we are going to be called upon to operate that industry on our own feet.

Q. If you ever are it won't last very long.—A. Well, it lasted before the war when we didn't get any subsidies. If we get back to proper operating conditions we can do it again.

Mr. ROBINETT: That is rather interesting.

Mr. CROLL: Would you explain that.

Mr. HOMUTH: I wanted to ask if they have any term agreement with the government with regard to subsidies.

The WITNESS: Not a long term.

Mr. ROBINETTE: Did you say a firm agreement?

Mr. HOMUTH: No, a term agreement, one year, two years, five years.

The WITNESS: We had an agreement—

The CHAIRMAN: Order, please. I would suggest to the witness that for the convenience of the committee he produce certified copies of the contracts themselves, if there are such contracts entered into between his company and the government.

The WITNESS: I do not think there is any signed contract. I think we have some letters on file. We will provide you with whatever we have.

By Mr. Robinette:

Q. You said in answer to me a moment ago that you thought you could carry on if you got back to post-war conditions without assistance from the Dominion government in the form of a subsidy.—A. I said we had carried on prior to the war and we should be able to carry on if conditions get back to somewhat nearer normal.

Q. As I understood it you said you had carried on without a Dominion subsidy?—A. That is correct.

Q. How many years is it since this plant started?—A. The plant started in 1900. The Dominion Steel and Coal Corporation took over the operation in 1930.

Q. And from 1930 to 1939, taking that figure, was the plant operated at a profit in any of those years?—A. Yes.

Q. In all of those years?—A. No.

Q. Could you get us the figures on that, if you don't mind; as to the profits earned by the division during the period from 1930 to 1939 when there was no government subsidy? That would be easy to get, would it not?—A. I do not know just how far back we could go. Perhaps we can get the whole thing. I have it here for two years prior.

Mr. SMITH: Mr. Chairman, may I interrupt? I see it is almost five-thirty and I presume we will be adjourning. This has been a rather long presentation and I wonder if it would not be possible for us to have copies made of the brief so that we may have it before us to-morrow for purposes of cross-examination. I have tried to make notes as the witness has been going along but it is really rather hard to follow. I wonder if we could not be provided copies of the brief he has presented.

The WITNESS: I would say that it would be absolutely impossible for me to get it out for you by morning, particularly in view of the fact that I haven't got my own staff with me, and no equipment with which to do it; and I have no King's Printer on whom I can call.

Mr. SMITH: Perhaps the chairman of the committee could arrange to have it done. I for one would like to have a copy of your brief before me. I realize that it might not be possible to have it printed in time for us to-morrow, but it might be possible to have copies made in some other way. Would you arrange to have that done, Mr. Chairman?

The CHAIRMAN: I will do my very best to get in touch with the Speaker of the House and find out what may be possible with respect to having Mr. Anson's brief mimeographed for to-morrow morning. I will find out if it is feasible to have it done to-night.

Mr. SMITH: We know you will do your best to do it. It is a pretty hard thing to do. I am not blaming anybody at all.

The CHAIRMAN: I understand that as a matter of convenience members would like to have copies of Mr. Anson's evidence before them before examining him. He has made a rather lengthy statement and I understand that

many members would like to read it before cross-examining the witness. The only suggestion I can offer is that we postpone the cross-examination of the witness (Mr. Anson) until to-morrow afternoon, and in the meantime I think it will be possible to arrange for us to have copies of the minutes of the printed evidence. It might even be better if we have him stand down until the day after to-morrow. If it is agreeable to the committee we can do that, and to-morrow morning we could hear the Honourable Mr. Justice Roach, who I understand the committee is anxious to hear. After that we will have the officials of the Department of Labour, then we also have to hear Mr. Donald Gordon. I believe we have four or five witnesses for to-morrow, so we can hear them, and then have Mr. Anson return to the stand the day after to-morrow when we have the printed evidence before us. That is my suggestion. Is that agreeable to the committee?

Carried.

We will adjourn until to-morrow morning at 11.30.

The committee adjourned at 5.30 o'clock p.m. to meet again to-morrow, Thursday, July 25, at 11.30 o'clock a.m.

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SESSION 1946

HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, JULY 25, 1946

WITNESSES:

The Honourable Mr. Justice W. D. Roach;

Mr. Donald Gordon, Chairman, Wartime Prices and Trade Board, Ottawa,
Ont.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

THURSDAY, 25th July, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Johnston, Lalonde, Lapalme, Lockhart, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. MacInnis protested against a statement published in the *Toronto Globe and Mail* of this day attributed to Mr. Hilton, President of the Steel Company of Canada, relevant to the work of this Committee.

The Honourable Mr. Justice W. D. Roach was called. He read an Interim Report, dated 16th July, 1946, made by him to the Minister of Labour in connection with an investigation of the dispute between three steel companies and the employees thereof.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m., this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Howe, Johnston, Lalonde, Lapalme, Merritt, MacInnis, McIvor, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

The Honourable Mr. Justice W. D. Roach was recalled and examined with respect to the Interim Report read this morning.

The witness retired.

Mr. Donald Gordon, Chairman, Wartime Prices and Trade Board, Ottawa, Ont., was called and sworn. He made a statement regarding the stabilization of price ceilings.

The Committee adjourned at 6 p.m. until Friday, July 26, at 11.30 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 25, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order. I would invite Mr. Justice Roach to take the stand.

Mr. MACINNIS: Mr. Chairman, before you call a witness I want to rise on a question of privilege with respect to a matter which I think is of importance to this committee. I have in my hand a copy of the *Globe and Mail* of Thursday, July 25—that is to-day—and there is a statement here by Mr. Hilton, president of the Steel Company of Canada, on his return to Hamilton after appearing before this committee. In view of certain things that happened in Hamilton today I think that statement is significant, because it indicates that Mr. Hilton, if he can help it, is not going to allow this committee to do anything to settle this dispute.

The CHAIRMAN: I understand that the honourable gentleman is speaking to a question of privilege?

Mr. MACINNIS: I am speaking to a question of privilege affecting the committee. Quoting from this statement purporting to have been made by Mr. Hilton on his return to Hamilton, it says:

"I can't see that they (the committee) made any progress toward a settlement of the steel dispute", the steel magnate told a press conference. "And if they are undertaking to settle all labour disputes in Canada they have undertaken a difficult job—a job that could be done to better advantage by the parties concerned."

Emphatic on no check-off

Reiterating his determination not to agree to union demands for a check-off, and emphasizing that a 10-cent wage increase is so far as his company will go on wage demands, Mr. Hilton also said:

The only way for the parliamentary committee on Industrial Relations to derive a clear picture of the current steel strike at the besieged Hamilton works of Steel Company of Canada is for its members to make a visit to the plant, and speak to the men inside.

Asked what Stelco's policy would be if the government were to agree that the union's demands for a raise increase of 19½ cents an hour, and the 40-hour week, were justified, Mr. Hilton said: "We will have to cross that bridge when we come to it; the situation would have to be determined on its merits."

I think so far as Mr. Hilton is concerned it should be up to this committee to decide in its own way how to get a clear picture of the strike, or of the dispute.

And now, in Hamilton this morning, 153 city police cleared the pickets away half a block or so from the plant in order to allow a C.N.R. train to pass through, and the only thing that avoided a clash was the refusal of the C.N.R. employees to move the train. I say that coupled with Mr. Hilton's statement, is clear proof that Mr. Hilton is going to bring this issue to a head before this committee has time to act.

The CHAIRMAN: I will invite the Honourable Mr. Justice Roach to present his report.

Hon. Mr. Justice W. D. Roach, Commissioner in the steel strike, called:

By Mr. Robinette:

Q. Sir, you are the Honourable Mr. Justice Roach of the Court of Appeal of Ontario?—A. That is right.

Q. And I understand you were appointed a commissioner to investigate the steel strike at Sault Ste. Marie, Hamilton, and Sydney, Nova Scotia, is that correct?—A. Not exactly.

Q. You correct me then.—A. When I came into the picture there was not yet a strike.

Q. Quite so; to settle the labour dispute?—A. That is right.

Q. And would you give the committee your experience in settling labour difficulties prior to your intervention in the steel situation?—A. Well, I have been requested by the Department of Labour on perhaps fifteen to twenty occasions to preside as chairman on various conciliation boards as a result of disputes between management and labour. I took my turn when the Ontario Labour Court was functioning. My first experience as chairman of a conciliation board was in the early years of the war as a result of the dispute at the Kingston Shipbuilding Company's plant at Kingston; I think my last, prior to this experience, was as chairman of a conciliation board at International Nickel at the end of May of this year.

Q. Now, in connection with the particular dispute with which we are concerned here, the steel matter, did you carry on an investigation, and did you ultimately make an interim report to the Deputy Minister of Labour?—A. I carried on commencing on June 14, having received my commission on June 13, and I carried on and gave a record of the dates that I met with interested parties, each of which is contained in the interim report which I submitted to the Minister of Labour under date of July 16.

Q. And you have that interim report here?—A. I have.

Q. I suggest for the consideration of the committee the most convenient way to put the matter would be for you to read the report to the committee.—A. I see that they have mimeographed copies. I have no objection to reading it.

INTERIM REPORT

In the matter of the appointment of an Industrial Disputes Inquiry Commission under Order in Council P.C. 4020 of June 6, 1941, as amended, to investigate and report upon a dispute concerning increased wage rates, a 40-hour week, increased vacations with pay and other matters usually covered in collective agreements, between the Steel Company of Canada, Limited, Hamilton, Ontario; the Algoma Steel Corporation, Limited, Sault Ste. Marie, Ontario; and the Dominion Steel and Coal Corporation, Limited, Sydney, Nova Scotia, on the one hand, and the United Steel Workers of America representing the employees of the aforesaid companies.

To: The Honourable The Minister of Labour,
OTTAWA, ONTARIO.

I feel that in the circumstances which have developed within the last few days I should submit to you the following interim report.

Your order establishing this commission requires that I shall report to you not later than thirty days after the date of the commission or such longer period as may be authorized by you. For reasons that will hereinafter appear,

even this interim report could not have been earlier submitted, and I request the necessary extension of time to cover this interim report and such further interim reports and/or final report as I may find it necessary from time to time to submit.

Pursuant to the authority vested in me by the commission, I deemed it my first duty to attempt a conciliation between the parties on the matters which were in dispute, and secondly, failing such conciliation, to make recommendations which would be justified by the facts as ascertained by me in the course of my investigations.

Very early in the course of the discharge of my duties pursuant to that commission, it appeared to me that it was very doubtful that I would be able to bring about an agreement between the parties by conciliatory action. Therefore, while directing my efforts primarily towards conciliation, I attempted from day to day in my discussions and interviews with the parties to obtain such statistical and other information as would enable me to make a report and recommendations that would be meritorious.

On June 14 and 15 I held long discussions with Mr. C. H. Millard, National Director of the United Steel Workers of America, and obtained from him information both as to the current dispute and the circumstances out of which it arose. Much of what he then told me and much of what will be hereinafter contained is already quite familiar to you, but I deem it advisable to include it in this interim report so that this report may be intelligible to others who may not have similar knowledge.

Mr. Millard outlined to me what were the objectives of the union and in here restating them I am pretty much using Mr. Millard's own words.

In October, 1944, the union in its annual policy-making conference, in view of the then existing cost of living and the expectation of some increases in that figure, decided that it would be necessary to have in the immediate post-war period an annual minimum income of \$1,750 to provide a health and decency standard of living for Canadian workers in the steel industry. It was also decided at that time that as soon as manpower was available and in order to avoid unemployment, that hours of work should be reduced from the 48-hour standard work week which then prevailed to a 40-hour standard and an imposition of overtime in order to ensure that the 40-hour standard would be worked and as many people employed in the steel industry as possible.

It was also decided that modern industry required an annual two weeks' vacation with pay in order to protect the health of those employed.

It was further decided that the steel industry in Canada should be designated as a "national industry" and that the government of Canada be requested to assist in the establishment of a steel industry council composed of representatives of the Union, the companies and the government.

The objectives of the union were accordingly stated by Mr. Millard to be as follows:—

1. A minimum weekly wage of \$33.60;
2. A 40 hour week with overtime after 40 hours;
3. Two weeks vacation with pay;
4. Union Security;
5. The establishment of a tripod-type industry council.

REACTION OF COMPANIES TO UNION'S DEMANDS, AS REPORTED BY MR. MILLARD

For brevity sake, I will hereinafter refer to The Steel Company of Canada, Limited as "Stelco", the Algoma Steel Corporation, Limited as "Algoma" and the Dominion Steel and Coal Corporation, Limited as "Dosco".

1. STELCO

Discussions with this company had been held with Mr. Gillies, its general manager. This company offered two weeks vacation with pay after ten years service; an increase of 5½ cents per hour, thereby bringing the basic rate up to 70 cents and resulting in a minimum weekly wage of \$33.60 for a 48 hour week; it declined to reduce the work week from 48 to 40 hours for three reasons—

- (a) That there was a lack of trained personnel in the available labour market for many of the steel-making operations;
- (b) That there was a present necessity for capacity production;
- (c) That a reduction from 48 to 40 hours was not feasible in any branch of continuous operation in the steel industry.

2. ALGOMA

Discussions with this company had been held with Mr. Fogo, its Vice-President. This company did not desire to set any pattern with respect to wages and hours until Stelco had made its decision with respect to the same; that in any event, the production program of this company was uncertain due to fuel supplies and shipping and that until its production program was clear, it was not in a position to make any offer with respect to wages and hours. This company opposed the reduction in the weekly work hours for the same reasons put forward by Stelco. As to vacations with pay, there is a collective bargaining agreement between the union and this company dated the 23rd day of April, 1946, which provides for vacations with pay to all employees having a continuous service with the company of 15 years or more.

3. DOSCO

Negotiations with this company had taken place with Mr. Anson, the general manager of the steel division of Dosco. While he had expressed sympathy with the entire program as set out by the union, his company was not in a position to alter the weekly work hours for reasons substantially as stated by Stelco; that it was not in a position to offer any increases in wages because the company was, in fact, losing money and had been for some time in receipt of subsidies from the federal government. As to vacation with pay, the workers in the steel industry at Sydney have a one week's vacation plan with pay after one year's service.

The question of union security at both Algoma and Dosco was not an urgent matter because the union is strong at both those plants but the question of union security at Stelco was burning and contentious. A board of conciliation had been established earlier this year at Stelco as a result of disputes which included union security and at the request of the chairman of that board, His Honour Judge Miller, the Local Registrar of the Supreme Court had conducted an inquiry as to the number of employees then in good standing in the union and had reported that there were less than 50 per cent of the employees in the bargaining unit who were union members.

MEETINGS WITH REPRESENTATIVES OF EACH COMPANY
STELCO

On June 18, I met with Mr. Gillies, Works Manager of Stelco, and Mr. Gordon Munnoch, K.C., counsel for the company. Mr. Munnoch, on behalf of his client, stated that Stelco had resolved not to participate in any hearings before me. Specifically he stated that the company was opposed to any joint inquiry or discussions in which the three companies would be treated as a group; further, that Stelco was opposed to discussions between the union and

the individual companies before the same commission. Put in other words, Stelco on that date objected and refused to enter into any discussions with me either,

- (a) Insofar as those discussions would relate to Stelco and its employees, or
- (b) Insofar as those discussions might relate to problems between all the companies and their respective employees.

Subsequently and as a result of further discussions with Mr. Munnoch, Stelco finally agreed to one preliminary joint meeting between the representatives of the three companies and the union but made it plain that by so doing, it was not retreating from its position that the three companies could not and should not be treated as a group. Such joint meeting was subsequently held and I will make further reference to it later.

DOSCO

On June 18 I met with Mr. Lionel Forsyth, K.C. Counsel for Dosco. He then indicated to me the attitude of Dosco as it was later developed; that it could not be treated similarly to Stelco or Algoma for many reasons to which I will also refer when herein reporting on my later interviews with the representatives of Dosco and the union.

ALGOMA

On June 20 I met with Mr. Fogo of Algoma and Mr. Gordon McMillen, K.C. Counsel for the company. They confirmed Mr. Millard's report to me with respect to the attitude of this company with respect to certain objectives of the union and pointed out that an agreement had been consummated and executed in April of this year covering all matters usually covered by a collective bargaining agreement and that the only matters not thereby covered were rates of pay and hours of work. It is of importance that this agreement as executed contains a no-strike clause. Subsequent to the execution of that agreement there had been discussions between the company and the union with respect to basic wage rates and hours of work but while those discussions were in progress, certain abnormal conditions developed that in the view of the company prevented it from concluding any discussions at that time with respect to hours of work and rates of pay. Those abnormal conditions were as follows:—

- (a) The soft coal strike in the United States;
- (b) the strike in the ore mines in the United States; and
- (c) The dispute between the Seamen's Union and the operators of lake vessels, both Canadian and American.

The importance of those abnormal conditions will be appreciated when it is remembered that Algoma gets its coal from mines in West Virginia which are either owned by the company or by a wholly or partially owned subsidiary; that there was a controller in charge of the coal mining industry in the United States and that as a result of a program put into operation by him, indeed Algoma was not getting coal from its own mine. Algoma has its own ore deposits north of Sault Ste. Marie but purchases iron ore from the United States to mix with its own ore.

On May 31 Mr. Fogo had written Mr. Millard pointing out that while the soft coal strike in the United States had been ended and the strike in the mines in the United States from which Algoma got its ore had been settled, the company did not then know the price it would be required to pay for either coal or ore; that in the meantime the seamen's strike had occurred and the question of water transportation was then in a very unsettled condition. With respect to hours of work and rates of pay, he said this:—

However this does not mean that negotiations are ended and although we have said to you frankly that we cannot adopt the 40 hour week proposal, we anticipate being able to make some suggestion regarding wages as soon as our operating prospect is more clearly defined.

Mr. Fogo and Mr. McMillen emphatically stated that Algoma was opposed to the idea of the steel industry being treated as a "national industry" and alleged that there were certain conditions applicable to Algoma that did not apply to the other two companies. They were as follows:—

- (a) That management-labour relations between Algoma and its employees had been generally good but that according to reports, similar relations at Stelco were bad;
- (b) The cost of living at Sault Ste. Marie was said to be less than at Hamilton;
- (c) Stelco had a more advantageous position with respect to its domestic markets than had Algoma;
- (d) The type of products differs. Algoma produces pig iron, ingot steel and rolling mill products, billets and structural shapes and has heretofore specialized in the production of rails. Stelco produces many fabricated products not produced by Algoma;
- (e) Algoma, which has no fabricating plants, ships considerable steel slabs to Stelco which fabricates them;
- (f) The wage structure at Algoma would of necessity differ to Stelco's because of classifications of employment due to different types of equipment;
- (g) Dosco has not only a basic steel industry at Sydney and Trenton but also owns and operates many subsidiary companies which are fabricating and dealing in secondary steel products such as nails, nuts and bolts, wire, bridge material, etc.

On June 21 I had a lengthy interview with Mr. Millard and Mr. E. B. Jolliffe, K.C., counsel for the union, at which time I pointed out to them that in view of the information which by that time I had obtained from each of the companies, it was not practicable to carry on joint discussions between the three companies and the union; that I proposed to have at least a preliminary joint meeting and thereafter separate meetings between each of the companies and the union. Mr. Millard at that time made it very plain that the union would not be satisfied unless there was uniformity in all the agreements to be entered into between each of the companies and the union. He complained that separate meetings would consume more time than the union was willing should be consumed and make oblique references to strikes. I stated to Mr. Millard and Mr. Jolliffe that as I then viewed the problem, it was too big a problem to solve at a joint meeting between the union and all the companies and that such an approach was definitely impracticable and that I felt it would be impossible for me either to bring about reconciliation of opposing views at such joint meetings or to get such information at such joint meetings as would enable me to make an intelligible and satisfactory report to you.

FIRST JOINT MEETING

On June 28 I met with representatives of the union and representatives of each of the companies at the City of Toronto. The union was represented by Mr. C. H. Millard, National Director, Mr. William Mahoney, National Representative of the union stationed at Sault Ste. Marie; Mr. L. Sefton, International Representative of the union stationed at Hamilton, Mr. W. C. Kidd, Research Director and Mr. E. B. Jolliffe, K.C., Counsel.

Stelco was represented by Mr. Gordon Munnoch, K.C. Algoma was represented by Mr. Fogo, vice-president, Mr. L. H. Derrer, general manager and Mr. D. S. Holbrook, executive assistant. Dosco was represented by Mr. C. B. Laing, vice-president and Mr. C. M. Anson, general manager.

That meeting was not productive of any definite results, each of the companies taking the position which they previously had stated to me that they were opposed to the steel industry being treated as a "national industry" and that there were problems affecting each company not applicable to the others. Mr. Millard again made it abundantly plain that the union would not be satisfied unless the agreements between the union and each of the companies were uniform with respect to hours of work, rates of pay, general working conditions and union security.

Many matters were discussed and explored but no good purpose would be served by reviewing them here. They were further discussed and explored at separate meetings to which I will later make reference.

I finally directed that the union submit a brief covering its demands on each company rather than on the companies as a group. The union had with it at the meeting a brief treating the companies as a group and I requested that in order that I might get on with the inquiry that the union make the necessary amendments to its brief so that there would be a separate brief with respect to each of the companies instead of to the companies as a group. This the union agreed to do and to mail such briefs to each of the companies forthwith. I directed that each of the companies file a reply by July 9 and notified Algoma and the union that I would meet with them at Sault Ste. Marie on July 10.

Subsequently, in order to meet the union's objection with respect to the time which was being consumed, I called a

MEETING WITH ALGOMA AT SAULT STE. MARIE ON JULY 4.

The union was represented by Messrs. Millard, Sefton, Mahoney, Kidd and Jolliffe, hereinbefore referred to and Mr. F. Waye, International Representative stationed at Sydney. The representatives of the Local Union No. 2251 were present. They were Mr. John Barker, President, Mr. John Ferris, Vice-President, Mr. Arnold Upper, Financial Secretary and Mr. William Dunn, Treasurer. The company was represented by Messrs. Fogo, Derrer, Holbrook, and McMillen.

Since the only issues open at Algoma were hours of work and rates of pay, the meeting launched at once into a discussion of those issues. They are presently approximately 3,500 employees in the bargaining unit at Algoma and of these it is said that 3,492 are members of the union. Quite apart from the alleged impracticability of that part of the industry which consists of a continuous operation operating on a 40-hour week rather than on a 48-hour week, it was stated by the company that even if it were practicable, it would require the employment by the company of from 600 to 800 more employees and that they were not available. The company pointed out that it was under direction from the Fuel Controller of Canada to step up very materially its production of coke on account of the present and impending fuel shortage in Canada; that such an order had, for the time being, thrown the production program of the company temporarily out of joint, and that accordingly, it was most difficult, if not impossible, to determine what increase in the basic wage rate the company would be in a position to pay having regard to its economic position and its earnings for the next twelve-month period. Quite apart from the ability of the company to pay, the union insisted that the increased cost of living made it imperative that the basic wage rate should be increased. To my mind it was beyond question that, having regard to the increased cost of living, the basic wage rate would have to be increased. Various indices which are supposed to reflect the rise in the cost of living were referred to and that whole problem was

discussed at great length. At the beginning of the discussions the union insisted on an increase of $19\frac{1}{2}$ cents to the basic wage rate and a 40-hour week. As a result of those discussions I think the representatives of the union became convinced, if they did not previously know, that an immediate change-over from a 48-hour week to a 40-hour week, or anything less than 48 was impossible, even if manpower was available.

The union then altered its demands and proposed an increase of 15 cents per hour for a standard work week of 44 hours, and that, notwithstanding such standard, the men would work during the first six months' a 48-hour week and in the second six months' period a 44-hour week with overtime thereafter. This offer was contingent upon similar rates and similar hours of work being included in any agreement with each of the other two companies.

The company then took the position that, while it was both willing and anxious to reach an agreement with its employees represented by their collective bargaining agent, it was not concerned with any agreement between either of the other companies and their respective employees. If there should happen to be uniformity it would be accidental, rather than by design. The negotiations then almost broke down by reason of a disclosure that *The Locals of all three companies had, in effect, delegated all their powers to the international officers and Directors of United Steel Workers of America.*

I regarded this disclosure as of the greatest possible importance in view of oblique references, which, by this time, became more frequent, with respect to *strikes*. Accordingly, with preciseness which would not permit of any misunderstanding, I obtained from the representatives of the union the following statement:

1. Local No. 2251 of the United Steelworkers had vested in a national advisory committee certain authority namely, to negotiate a settlement of the dispute between the United Steelworkers of America and the steel industry in Canada with respect to national standards of

- (a) Hours of work;
- (b) Wages;
- (c) Union security;
- (d) Vacations with pay.

This so-called delegation of authority was the result of a ballot submitted to the members of the local on April 19, 1946.

THE BALLOT

Are you in favour of authorizing our international officers and directors to take whatever steps may be necessary, including strike action, to secure the implementation of the national wage and hours demands of our union?

It is said that 3,401 members of the bargaining unit voted on that ballot, of whom 3,202 voted "yes" and 189 voted "no", and 10 ballots were spoiled.

2. If Algoma agreed to the union's demands in their entirety with respect to

- (a) Hours of work;
- (b) Wages;
- (c) Union security;
- (d) Vacations with pay,

the negotiating committee (that means the national negotiating committee, and not the local) would meet with the other members of the national advisory committee and the acceptance by Algoma would be placed before the national advisory committee for its consideration, and that committee would make a recommendation to the local, either to consummate an agreement on that basis

or reject it. At that stage the Local would act and if the local should approve an agreement on that basis, the agreement would be executed no matter what might happen at Stelco or Dosco.

3. If Algoma, instead of agreeing to the entire demands of the union should make any other proposal to the negotiating committee, then, if, *in the opinion of that negotiating committee* such proposal was reasonable, that negotiating committee would consult with the national advisory committee and *the national advisory committee would decide whether or not such proposal was in fact reasonable*. If the national advisory committee should decide that such proposal was reasonable, it would be recommended to the local and if the local should approve, then an agreement on that basis would be consummated.

If the negotiating committee should decide that such proposal was not reasonable, it would report its decision in that respect to the national advisory committee, and if the national advisory committee also thought it was not reasonable, that was the end of it. The proposal would never reach the members of the local unless through some medium other than the union.

I pointed out to the representatives of the union at that stage that in my opinion the foregoing was the very antithesis of democracy, and in reply, the representatives of the union pointed out this, namely, that under the constitution of the union, if any ten members of the local should decide that such proposal submitted by the company was reasonable and they wished to adopt it, they could demand that a meeting of the local be held so that such proposal could be considered by the members at large.

I finally persuaded the company to make an offer as an evidence of its good faith.

ALGOMA'S OFFER

An increase of .08 cents per hour in the basic wage rate and across the board, thereby bringing the basic rate up to $.72\frac{1}{2}$ cents an hour, for a 48 hour week.

THE RESULT

MINIMUM EARNINGS

New minimum weekly earnings (This will apply to only 17 per cent of the total employees)	\$ 34 80
Former minimum weekly earnings	30 96
Increase	\$ 3 84
That is 74.7 per cent above the 1939-40 rate of $.41\frac{1}{2}$ cents.	
Annual minimum earnings at new rate	\$1,809 60
Present annual earnings	1,609 00
Increase	\$ 200 60
1939-40 annual minimum earning	\$1,035 82
Increase above 1939-40	(annually) 773 78

AVERAGE EARNINGS

Weekly	Rate	Earnings
1939-40	55 $\frac{1}{2}$	\$ 26 64
Present	84	40 32
Proposed	92	44 16
Increase		\$ 3 84 above present or 65.7% above 1939-40 rate.
Yearly		
1939-40		\$1,385 28
Present		2,096 64
Proposed		2,296 32
Increase		\$ 199 68 above present

It is said (I have not computed it as yet) that this increase would cost the company approximately \$800,000 yearly. That offer was rejected by the

negotiating committee without even submitting it to the national advisory committee and, of course, without submitting it to the membership of the local.

The union has no intention that the minimum weekly earnings would be increased only by 40 hours at 19½, viz. \$7.80. The obvious objective is a weekly increase of \$7.80 plus 8 hours at time and a half, viz., \$10.08, or a total weekly increase of \$17.88.

May I pause to interject that if you are to keep up the present standard of production, and labour is not available, then the men presently employed would have to work overtime up to the amount I have indicated.

The average wage rate per hour in each of the years 1939 to 1945, inclusive, is as follows:—

1939	—	55½	cents.
1940	—	57⅓	"
1941	—	61	"
1942	—	66¼	"
1943	—	70⅓	"
1944	—	78⅔	"
1945	—	82⅔	"

The company represented to me that as between 1939 and 1945 there had been exceptionally large increases in the cost of basic raw materials and in wages. These were as follows:—

<i>Coal</i>	<i>Ore</i>	<i>Scrap</i>	<i>Fuel Oil</i>	<i>Labour</i>
41.8%	16.6%	57.2%	42.2%	48.9%

In the war years production for war purposes resulted in long manufacturing runs of identical items, and this, in turn, resulted in volume economies not applicable to civilian production, which is necessarily more diverse and in smaller lots.

MEETING WITH STELCO AT HAMILTON

I met the representatives of Stelco and the Union at Hamilton on July 8, and our discussions continued into July 9, when negotiations temporarily broke down. The union was represented by Messrs. Millard, Mahoney, Sefton and Kidd (Mr. Jolliffe was apparently unable to be present). Representatives of Local No. 1005 were present. They were Mr. Reg. Gardiner, President; Mr. George Martin, Vice-President; Mr. Ray Baldassi, Treasurer; Mr. Frank Milloy, member of the Negotiating Committee of the Local; Mr. Gordon Holsoy, member of the Negotiating Committee of the Local, and Mr. Lyle Harris, member of the Negotiating Committee of the Local. The Company was represented by Mr. R. A. Gillies, Works Manager; Mr. A. L. Lott, Industrial Relations Manager; Mr. R. E. Alden, Personnel Officer, and Mr. Gordon Munnoch, K.C., Counsel.

Local No. 1005 had been certified as the collective bargaining agency of the employees of Stelco in the bargaining unit by the order of The Honourable Mr. Justice Mackay, dated April 6, 1944. A collective bargaining agreement was entered into between that local and the company on February 24, 1945.

Under date of December 20, 1945, a written notice was given on behalf of the local, signed by Mr. L. Sefton, international representative, to the company, that the local desired to begin negotiations on certain revisions and modifications to the then existing agreement. Pursuant to that request, meetings were held between representatives of the local and the international representatives on the one hand and the company on the other, on January 11, 16, 25 and February 6, 1946. Negotiations broke down. Mr. J. S. McCullough, conciliation officer, met the parties on February 23 and 25 and recommended the establishment of a conciliation board. That board functioned and filed an interim report under date of June 7.

At the meeting before me the company requested a clear exposition by the negotiating committee as to its power and authority. Mr. Millard repeated the statement which had been made at Sault Ste. Marie and stated that the same applied at Stelco. He added that the national advisory committee was made up of the negotiating committee then before me and "representatives from other steel centres," namely, Montreal, Trenton, Vancouver, Oshawa, Guelph, the Owen Sound area, Kingston, the Smith's Falls area, London, the Windsor area, Toronto and Winnipeg. The company filed with me a brief and the representatives of the union, having taken time to study it, stated they did not wish to file any reply. I am retaining the brief and will subsequently attach it to my final report.

The discussions at Hamilton made it abundantly plain to me that without a change of attitude on the part of the company and the union, there was no possibility of conciliating their opposing views.

Stelco has been a sword in the side of the union and over the past many months there has been a campaign by the union against the company particularly over the radio. The transcript of those radio programs was shown me by the representatives of Stelco, and it is not surprising in view of the vilification of the company indulged in by spokesmen for the union that Stelco had determined that, except to the extent required by law, it would have no part or parcel of this union.

Union organizers and spokesmen have permitted their zealousness to override good judgment and have indulged in tactics that could result only in putting the company and the union further apart rather than bringing them together.

STELCO'S OFFER

An increase of 10 cents an hour across the board, two weeks' vacation with pay for employees with five years or longer continuous service and three weeks' vacation with pay for employees having 25 years or more continuous service.

The company adamantly refused to give any form of union security, even check off. Both parties refused to have the question of union security left for decision to the conciliation board. The union was prepared to have it left to arbitration. The company refused that.

THE RESULT

Minimum Earnings

New Weekly Earnings	\$	35.76
Former Weekly Earnings		30.96
Increase	\$	4.80
Annual Minimum Earnings at new rate	\$	1,859.52
Present Annual Earnings		1,609.00
Increase	\$	250.52

Average Earnings

Weekly	Rate	Earnings for 48 hrs.
1939	65c	\$31.20
1946	87.2	41.85
Increase	22.2c	\$10.85
or approximately 34%		.....19

Out of a total of 5,095 employees

3,725 work 48	hours per week
610 work 45.3	" " "
700 work 42.6	" " "
60 work 44	" " "

(females)

Total gross wages January to May, 1946, inclusive.....	\$4,347,680
Total man hours worked January to May, 1946, inclusive..	4,984,532
Average hourly rate—87·2c.	

Union Demands

87·2c. + 19½c.—106·7c. x 40 hrs.—\$42·68	per week.
87·2c. + 15c. —102·2c. x 44 hrs.—\$44·968	per week.

Company's Offer

87·2c. + 10c. — 97·2c. x 48 hrs.—\$46·656	per week.
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The company disclosed its total wages paid in the first quarter of 1939 and 1940 and agreed that I might thereby compute the total wages paid in each of those years. It also disclosed the ttonnage of ingots produced in each of those years. The following statement shows the wage cost per ton in each of those years.

	Wages	Tons of Ingots	Wage Cost per Ton
1939.....	\$3,883,560	509,711	\$7·617
1945.....	9,658,356	1,100,847	8·773
Increase.....			\$1·156

In 1945 the man hours worked in the company's basic steel plant was 11,802,157 hours. An increase of 10 cents per hour and vacations with pay for employees with five years or more service would mean, and I am here giving you the figures submitted by the company:—

11,802,157 x 10 cents, viz.	\$1,180,215 70
Vacation with Pay.....	115,000 00
Total Increase.....	\$1,295,215 70

Even if the loss in production due to the extra week's vacation for a number of employees is omitted from the calculation and the company in the next ensuing 12 months could produce the same tonnage as in 1945, the increased cost in wages to the company per ton of ingots produced would be \$1,295,215.70 divided by 1,100,847 tons viz. \$1.17 per ton.

On the same basis, except an increase of 19½c per hour instead of 10c, the total increase would be

11,802,157 hours at 19½ cents.....	\$2,301,420
Vacations, a sum in excess of.....	115,000
Total	\$2,416,420

or an increase in wage cost of \$2.19 per ton.

Summarized:

at 1939 wage rate wage cost per ton.....	\$ 7·617
at 1045 wage rate wage cost per ton.....	8·773
at 10c. increase in wage rate wage cost per ton.....	9·943
at 19½c. increase in wage rate wage cost per ton.....	12·3

In addition to the rise in wage cost per ton since 1939 there have been substantial increases in the cost of basic materials. The following statement is extracted from information furnished by the company:

	Unit	Present annual consumption	1939 Cost	1945 Cost	1945 above 1939
Ore	Gross Ton	1,170,674	\$ 4.10	\$ 4.74	\$ 749,231
Coal	Net Ton	694,913	4.90	7.88	2,070,841
Scrap	Net Ton	226,953	13.28	17.92	1,053,062
Fuel Oil	Imp. Gal.	29,141,567	·0378	·0585	604,830
Total Annual Increase					\$4,477,964

Since in 1945 ingot production was 1,100,847 tons, on the basis of increase in cost of basic materials and not including labor the increased cost per ton of ingots produced was \$4.06..... \$4.06
 add increase in labour cost 1.15

Total increase \$5.21 per ton

The union made the same proposal that it did at Algoma, namely, an increase of 15c per hour for a 44 hour week, the first half of the succeeding year the employees would work 48 hours and in the second six months, 44 hours with overtime. This was flatly rejected by the Company.

Nothing further could be accomplished by me at Stelco, so I then proceeded to Montreal to meet Dosco.

By Mr. Adamson:

Q. This refers solely to the basic steel plant at Hamilton?—A. That is right.

Meeting With Dosco

This meeting opened on July 11th and continued into July 12th. The union was represented by Messrs. Kidd, Waye and Mr. M. E. Corbett, President of Local No. 1064, Mr. R. J. Lamoreux, Sub-district Director in the Province of Quebec, Mr. J. T. Thompson, International Representative stationed in Montreal. Mr. Henry Reid, President, Local No. 2423 at Canadian Tube and Steel Products Limited, Montreal, a partially owned subsidiary of Dosco, by my leave was also present.

The company was represented by Mr. C. M. Anson, General Manager, Mr. C. V. Laing, Vice-President, Mr. C. Speers, Comptroller, Mr. P. Powers, Superintendent of Industrial Relations and Mr. F. D. Smith, Counsel.

The company filed a brief with me which I presently require and which I will forward to you with my final report. It did not contain all the information I required and I have requested that the company give me certain further statistical information. This will be received by me in due course.

My meeting with the representatives of the parties at Montreal started under the shadow of a meeting of the national advisory committee of the union which was being held at Hamilton concurrently with my meeting with the parties at Montreal. That accounts for Mr. Millard being unable to be present before me in Montreal and it was apparent from the beginning of my meeting with the parties there that unless a miracle happened, it would not be productive of any concrete results.

Dosco and Dominion Shipping Company, which transports its ore from Newfoundland, as you know, have been in receipt of very substantial subsidies from the federal government. The subsidy paid to Dosco in 1945 was \$1,944,896.00 and in the same year the subsidy paid Dominion Shipping Company was \$1,152,138.00, so that notwithstanding the increase in the ceiling price of steel, namely \$5.00 per ton as of April 1st, any increase in the basic wage rate would require some contribution by way of subsidy from the federal government unless the economic position of Dosco is substantially bettered and its earning capacity substantially increased.

Notwithstanding that situation, I put this proposition to the union towards the end of our discussions on July 11, namely, an increase of 10c. in the basic wage rate and across the board, for a 48-hour week; the differential between the basic wage rate at Dosco and the other two plants, namely 05c. to be left to be disposed of by the National War Labour Board on a pending application; two weeks holidays with pay for those employees having five years or more continuous service; the same type of union security presently enjoyed by the union at the Ford Motor Company of Canada Limited, popularly known as

the "Rand Formula"; the employees to decide by ballot their preference as between a 48-hour week and a 44-hour week without overtime; this whole offer to be submitted to the employees by a secret ballot for acceptance or rejection.

The negotiating committee replied that it would have to submit that proposition to the national advisory committee then meeting in Hamilton. This was done by long distance telephone conversation through Mr. Kidd who reported on July 12 that the proposition was turned down in toto by the national advisory committee and that that committee was serving notice on each of the companies that a strike would commence at the plants of the three companies on July 15.

Nothing further was to be gained by further discussion with Dosco so I adjourned the meeting sine die.

PRESENT CONCLUSIONS

By the course taken commencing with the submission to the members of each local of the ballot which I have previously referred to, the employees at each plant now find themselves in the position where they are no longer the master of their own destiny. The "union" has become the master of the employees rather than their servant and in the hands of a group of men known as the national advisory committee of the United Steelworkers Union rests the economic destiny of 13,000 odd employees in the steel industry across Canada. That is not collective bargaining as I understand it. By the expediency of this ballot a ring has been woven around all these employees and no matter what proposition may be submitted by any of these companies it must first of all be submitted to the scrutiny of that group of men who will decide whether it is reasonable or not reasonable notwithstanding what may be the wishes of the man who is earning his daily bread by the sweat of his brow in this industry.

In my opinion it constitutes a dictatorship. The freedom of the employee to work if he wishes to work at rates which may be very acceptable to him has been taken away from him and to say that under the constitution of the union any ten employees in the plant of any of these companies can call a meeting to protest against the action of the national advisory committee, is a mere sham. It simply cannot be made to work. There is a concentration of power in a group of men which makes them an oligarchy.

RELATING BASIC WAGE INCREASE TO INCREASE IN COST OF LIVING

The cost of living by May 1946 had risen above that in 1939 according to the Dominion Bureau of Statistics by 21·2 per cent and according to the Toronto Welfare Council by 30·5 per cent.

An increase in the basic wage rate of 10c. bringing it up to 74½c. for a 48-hour week would be an increase of 35·5 per cent above a 1939 basic rate of 55c.

WHAT WOULD THE RESULT OF AN INCREASE OF 19½c. COUPLED WITH A 40-HOUR WEEK ACTUALLY BE?

It would, of course, benefit those in the lower paid brackets—so does the companies offers—but it would actually result in less "take home pay" for employees earning more than 97c. per hour.

At Stelco there are 733 and at Algoma 430 employees whose basic rate is over 97c. per hour.

RECOMMENDATION

Without expressing any opinion as to the adequacy or otherwise of the increase offered the employees, I recommend that, in the circumstances the employees of each company should be given the opportunity of expressing their opinions by a secret ballot; that such a ballot should not be taken before the lapse of sixty days, which would be a "cooling off" period; that in the meantime the employees should be permitted to return to work, that pending the taking of such ballot the employees should not be subjected to any propaganda campaigning or electioneering by either the union or the companies; that any vote of the employees thus taken should be under the supervision of someone appointed by you.

Such a vote would represent the opinion of the employees, who after all are the persons vitally affected, given in a dispassionate, deliberate manner after reasonable opportunity to consider and make their own decisions. That, at least, is democracy.

All of which is respectfully submitted.

Dated this 16th day of July, 1946.

(Sgd.) W. D. ROACH,
Commissioner.

Gentlemen, in the light of that report, may I hasten to correct an impression which, either designedly or otherwise, has been left with you gentlemen that there was some delay on my part, after the issuing of the commission to me, in tackling this problem.

It has been said, as I read it in the press, that there were some seventeen days' delay before something was done by me. So that you gentlemen will not be under any misapprehension or misunderstanding as to what did or did not happen, let me give you now chronologically in a concise form what I did and what I did not do.

The commission was received by me on Thursday, June 13. On Friday, June 14 I met Mr. Millard. On Saturday, June 15 I met him again. Sunday then intervened. Tuesday, June 18 I met Stelco. On the same day I met Dosco. Then I took Wednesday to try to digest what I had learned up to that point. On June 20 I met Algoma. On June 21 I met Mr. Millard and Mr. Joliffe.

Then there was a delay of a week. You will recall that in my report I stated that Stelco had objected to entering into any discussion with me in which the companies would be treated as a group, or any discussion as between Stelco and the union alone.

My position, primarily, was that of a conciliator. There is no room, in my opinion, for compulsion in the field of conciliation, so that in the light of the position taken by Stelco, I considered that I would attempt to convince, rather than compel, as I had the power to do, a meeting between Stelco, the union and myself. So that, having met with Mr. Millard and Mr. Joliffe on Friday, June 21, I addressed myself to that particular problem, and in the early part of the following week, I did convince Stelco to change its opinion and meet with the union and myself, and to agree to one general meeting. The date of that meeting I fixed for Friday of that week. I had to send out notices. I had to give Dosco representatives sufficient time to get to Toronto, so I called the meeting for Friday.

Then on Saturday, June 29, I met Algoma again and I told them on that date that I proposed, as indicated in my report, not to let any more time elapse and not to wait for a brief but to meet them at once in Sault Ste. Marie.

The meeting at Sault Ste. Marie was on July 4, 5 and 6. Those dates were on Thursday, Friday and Saturday. On Monday morning I was in Hamilton and we met on Monday and Tuesday, July 8 and 9. On Wednesday I was in Montreal for July 11 and 12. You gentlemen know what happened in Montreal. On July 15 and 16 I prepared my report.

I suggest to you in the light of that, that there was no delay on the part of the commissioner.

By Mr. Smith:

Q. Mr. Chairman, it is just about time to adjourn, but before we adjourn I would like to ask the witness a question as to the statement on page 10:—

I finally directed that the union submit a brief covering its demands on each company rather than as a group.

Was any such submission made?—A. Yes.

By Mr. Robinette:

Q. Out of the wealth of your labour experience, can you be of any assistance to this committee, in addition to having made and read your report, in making any suggestions or ideas as to improvement or changes in the machinery for the settlement of labour disputes?—A. You flatter me, Mr. Robinette, when you speak of the wealth of experience I have had in these things. I am not an expert. I have had some experience. I said I had acted earlier as chairman of fifteen or twenty conciliation boards. That is not my own work. I have never had the handling of a strike before, but in view of the developments in connection with this dispute, and in the light of certain suggestions which have been made by the union, and which I think have considerable merit, I have been turning over in my mind the possibility of the establishment of a council which has been described by the union as a national council. Call it by any name you like. For the purpose of my suggestion to this committee, I will call it a steel industrial council.

I sounded out both the union and management with respect to this idea. Frankly, at the time of my discussions with them I had not thought the matter completely through to its conclusion, and I was, more or less, groping in an effort to find some manner to which this steel industrial council could be set up for the purpose of eliminating, in so far as humanly possible, strikes in the industry. I got some favourable reaction from both the union and the companies.

With the greatest humility, gentlemen, and again stressing the fact that I am not an expert, I suggest this for the consideration of the committee that there should be set up a steel industrial council of five men, one nominated by labour, one nominated by the industry and three chosen from the public as representatives of the public; one from the Maritimes, one from Quebec and one from Ontario.

What would be the work of that industrial council? It would have decisive power. It would make an investigation such, perhaps, as I have been attempting to make in my race against time, and it could report the results of this investigation to management, to the union, to every employee in the industry, and to the public. What is the merit of that? I think the merit of it, if it has any and I think it has some—you gentlemen may not agree with that—I think the merit can be seen by contrasting it with the present machinery.

There comes a time, let us say, when a dispute arises at Stelco. The union, as the collective bargaining agency of the employees, and representatives of management sit down together and try to iron out the difficulty. They reach the time when there is a stalemate. They can go no further.

There are some very zealous union organizers,—and I am not criticizing them for being zealous,—and when the stalemate is reached there is some publicity given to it and the longer the time which elapses thereafter, patience

becomes strained. There is publicity given to the matter, and finally or at that stage, a conciliation officer is sent in to see what he can do. He meets with the parties and perhaps he cannot reconcile their views. More time is consumed. If patience was strained before, it becomes more strained. Finally a conciliation board is set up, one nominated by labour, one by management and in between is the chairman. The situation has been known to exist that the chairman finds himself in the middle. On the right is a very ardent man for management and on his left is a very ardent man for labour. Sometimes, I think, a chairman might just as well be sitting alone, except for the fact that whatever decision he makes, he is going to be in agreement with labour or in agreement with management. The matter is not settled.

By that time there is recourse to strikes. The union will exercise its economical power. Management, not to be outdone says, "Let there be a strike. We will resist it."

Where does the public stand through all this discussion? The public only knows what gets into the press, and sometimes, with due respect to the men of the press, they publish what they get but it is not always accurate.

What is the next step? With the threat of a strike a commission, such as mine, is established and the commissioner finds himself racing against time with barriers already established which he has to break down. Sometimes there is a little sniping at the commission from certain quarters, and to be very frank, I may say to this committee that from early in the course of my efforts, I felt that this commission was doomed to failure almost the day it was born.

Coming back to this industrial council, it should be made up of five men, one nominated by labour, one by management and three from the public—and I am only thinking out loud—the three public men should not, in any way, be associated with the industry, or in any way associated with the union, and they should be divorced from politics. They should be men chosen from the public who are outstanding men, whose judgment will find favour with the public, and who will be regarded by the public as the ultimate of unbiased judgment. That board would make a report. That report, as I say, goes to management; goes to the union. It is received by every man in the industry. It is publicized. If you find a company that is not treating labour fairly—and may I interject that I am one of those judges, Mr. Chairman, of whom it was said on the floor of the House of Commons that we fall into two categories, either pro-management or pro-labour; I am pro-labour if it means that I desire to treat labour fairly—or if you find a union that is over-reaching itself, then let the public be the judge. Let their difficulties and disputes be submitted to the bar of public opinion.

This council would not have any decisive power, but it would be an unbiased body. I suggest that no company and no union can stand up against adverse public opinion.

There is just one other matter. I have been very frank in expressing my views as a result of what I found. I speak of the present situation in the unions as an oligarchy. Let no one run away with the idea that I am opposed to unions. The labouring man has got a lot out of the operation of the union, but I am not in favour of concentrating power in a group of men, and I suggest that it might or could be a national calamity. You know who these men are to-day; you think you know who they will be to-morrow; but the day after you do not know who they will be. I say it might be a national calamity.

No group of men, in my humble opinion, no matter how widely experienced or how zealous can have it in their power, so to speak, to pull the plug and draw off all the man-power from industry across Canada. Industry is vital to the public economy, as is the steel industry.

The committee adjourned at 1.00 o'clock p.m. until 3.30 o'clock p.m.

The committee resumed at 3.30 o'clock p.m.

The CHAIRMAN: Order.

Mr. Justice W. D. Roach, recalled:

By Mr. Robinette:

Q. Now, sir, you were explaining before luncheon your views as to the creation of a National Council to consider this dispute. Do you wish to say anything further on that, or had you finished.—A. No, I had not finished.

Q. Would you continue then, please?—A. My thought was that if this industrial council was permitted to report, as I said this morning, to the management, the union and to each employee in the industry, that report would likewise be published; and even if it does not meet with favour by the union, I think there should be a time within which there could not be a strike so the employees, the management and the public would have an opportunity of considering the report, the recommendations of this body which I describe as a national body.

Q. And now, in addition to that suggestion as to the creation of a national council have you any other observations or suggestions as to possible improvement of the system for the settlement of industrial disputes?—A. I think not.

Q. Now, you made one this morning, sir; you said during the course of the discussion that your position was doomed to failure before it started, or as it started. I am not sure whether the committee understood exactly what you meant by that point. Would you care to elaborate that?—A. Yes. I said this morning that my commission was received on June 13, and that on the 14th and 15th I went and met with Mr. Millard. And, referring to my notes now which were taken by my secretary as Mr. Millard and I discussed the matter, I outlined to Mr. Millard that which I thought would be a reasonable approach to the problem; first, that I should obtain from him what I then described as the overall picture to cover the three companies, which picture would indicate although a little indefinitely the general issues that were involved; that I should then obtain from him what I termed a close-up view with respect to each of the companies and the issues as they related to each of the three companies. After I discussed that proposal with Mr. Millard he said that he was of the view that the program would be reasonable. I suggested that having gotten from each of the parties the overall and close-up views there should be no delay in then getting the parties to a preliminary general meeting. That was on the 15th. On June 14th there was a meeting sponsored by the Canadian Congress of Labour, I think, in Queens Park, Toronto; and at that meeting a gentleman by the name of MacCausland gave a speech, and in his address as reported in the *Globe and Mail* he said: he held little hope, or little hope was held out by Mr. MacCausland in an address for settlement in the steel industry where the government had appointed Mr. Justice Roach as commissioner in an attempt to reach a settlement in the dispute. The United Steelworkers are faced with the alternative of implementing their strike vote or surrendering to steel barons of the country. Then, on June 14th, Mr. Millard addressed a meeting in Hamilton—perhaps on June 13th because this paper that reported it is dated June 14th—this report is headed Millard criticizes Mr. Justice Roach; and that his report reads as follows: Hamilton:—C. H. Millard, Canadian director of United Steelworkers of America addressing a steel union at Kingston Saturday said that Mr. Justice W. D. Roach, Conciliation Commissioner in the steel wages and hours dispute had failed to come to grips with the main problem. Later, after Mr. Millard knew what I had been doing, what I had been attempting to do, I observed from the press at another meeting in

Hamilton he again criticized me; and I do not object to criticism as long as it is fair—that I had surrendered to Stelco. Well, that was sniping at the commission, if you know what I mean.

Q. And is that not the reason why you made the statement you did this morning, that your board was doomed to failure from the start? That is what it means?—A. Yes. On July 4 the union sent a letter to Stelco—I have the letter—advising Stelco that the union was prepared to maintain a plant, and in view of what they said in the letter there would be a strike in the near future. On July 8, a dodger was circulated relating to the strike. Now, that is what I meant this morning when I said I was racing against time and I lost the race.

Q. Yes. And you also suggested this morning, at least you suggested to me, that your appointment as commissioner came too late in this sense; that first of all a conciliation officer was appointed, then a conciliation board, then you as a commissioner were appointed. And I judge from what you said that it is your feeling that in disputes of this kind the appearances before a conciliation officer and a conciliation board is pretty much of a proforma matter and is just an opportunity to delay the matter waiting the appointment of the commissioner. Did I understand you correctly or incorrectly?—A. Incorrectly. I think there is a great purpose to be served where conciliation officers are appointed. A conciliation officer is as a rule experienced in the field of labour relations, and I think he serves a good purpose. There are, however, occasions, and this is one, where all the efforts of a conciliation officer were of no avail. Likewise the conciliation board were unable to solve it. Well then, a commissioner is appointed, but by that time there are two strikes against him.

Q. Yes, the lines of battle are firmly drawn. Is that what you mean?—A. Yes.

Q. One or two other questions, sir. If you will just look for a moment at the bottom of page 13 of your report in which you set out the ballot, and it would appear that the union submitted that ballot to all the members of the local on April 19, 1946.—A. At Algoma.

Q. At Algoma. And that authorized the international officers to take whatever steps may be necessary, including strike action, to secure the implementation of the national wage and hour demands of our union. Now, is it not a fact that under democratic practice the executive body would have the right by virtue of that prior decision to carry out the details of a settlement. I am thinking particularly of this, people have asked parliament carry on for four or five years and leave the details to it. We do not recall them. What do you say as to the suggestion that I make that that may be one recognized democratic method?—A. Well, I think that method of procedure is not democratic in the final analysis. If you will confine your attention for the moment to the ballot:—

Are you in favour of authorizing our international officers and directors to take whatever steps may be necessary, including strike action, to secure the implementation of the national wage and hours demands of our union?

And now, there is nothing in that ballot that brings home to the employees of Algoma that in the event of Dosco or Stelco being unable to enter into a satisfactory agreement with their employees that the employees of a particular plant are to be out of work.

Q. I see. In other words your point is that there is no reason in your view why the Algoma situation should not be settled if the local there is willing to settle it, and should not be dependent on the outcome of Stelco or Dosco?—A. Exactly.

By Mr. Case:

Q. How was the ballot marked? Do they mark it yes or no? Is there provision in the ballot for the use of a cross?—A. I could not answer that right off the bat. I have the ballot here. When I get a moment I will get the ballot out and see.

By Mr. Robinette:

Q. Then, one other question: your recommendation, sir, is that the vote be taken. I don't know, it may not be fair to put this question, I may be looking too far ahead in the future because I realize that this is an interim report, but supposing the vote turned out in favour of a continuation of the strike; have you thought of that possibility?—A. Yes.

Q. In other words, supposing the men say they do not want to accept the offer of the company?—A. Yes.

Q. Have you given any consideration to what the next step then might be?—A. Well, supposing that the men by expressing their views in a secret ballot should say, we are unwilling to accept the company's offer, then that is a decision of the men, that is democracy; but for a group of men to say you shall not accept the company's offer is another thing.

Q. So your recommendation is in the nature of an interim report as a possible solution, temporarily at least, of the problem?—A. That is it.

Q. That is what you intended it to be?—A. Yes.

By Mr. Croll:

Q. Following what Mr. Robinette has said; assuming that the men say "no", where are we?—A. Well, then, you have an expression of opinion of the employees. Up to now you have not.

Q. On page 13 I think you said that at Algoma 3,202 out of 3,401 voted to give them the authority. Was a similar ballot taken in the other plants, do you know, sir?—A. There was one taken at Stelco, and I understand there was one taken at Dosco.

Q. Let me go one step further; following your recommendations without expressing an opinion; you know your recommendations—on the last page, sir—the point I make is that there was one taken at Stelco, one at Dosco and one at Algoma, wherein all union members voted—A. Yes.

Q. You say here: "Without expressing any opinion as to the adequacy or otherwise of the increase of the employees, I recommend that in the circumstances the employees of each company should be given the opportunity of expressing their opinions by a secret ballot." What do you mean by employees?—A. All the employees.

Q. All the employees? That is the intention?—A. Very definitely, yes.

Q. Now, in connection with the vote, can you give me specifically the point you have covered? Would the ballot deal with the individual corporation or would the ballot deal with them as a whole?—A. It would deal with them individually. That is where I think the problem belongs.

Q. That it should be "are you willing"; or should it be, "Are you prepared to accept the company's offer, or are you not"?—A. Well, Mr. Croll, I haven't worked out the exact form of the ballot; but the overriding principle that urged me to make this report was that there must be some medium through which a man in the plant and not some other body can express his views and make his own decision. You can put the ballot in any way you like. It might be suggested that one question would be—at Dosco—do you want a failure, do you want the failure, or any failure of Stelco and the union to come to an agreement to prevent a just and reasonable settlement of your dispute with your employer?

Q. Well, I presume the first question on that would be, "are you in favour of accepting the offer made by Dosco, Stelco or Algoma". That is the first one?—A. Yes.

Q. And the offer made, as far as we know at the moment, was the offer that they made here before this committee. I believe that is correct?—A. I think the offer they made was the offer made before me and repeated here.

Q. And repeated; and that would be the first part of the ballot?—A. That is my intention.

Q. That is the thought you had in mind?—A. Yes.

Q. Because you had not set out in the recommendations specifically the amount that—

By Mr. MacInnis:

Q. Mr. Chairman, I should like to ask a few questions of the commissioner rising out of that interim report he read this morning. At page 5 in the report it says this:—

STELCO

On June 18th I met with Mr. Gillies, Works Manager of Stelco, and Mr. Gordon Munnoch, K.C. counsel for the company. Mr. Munnoch, on behalf of his client, stated that Stelco had resolved not to participate in any hearings before me. Specifically he stated that the company was opposed to any joint inquiry or discussions in which the three companies would be treated as a group; further, that Stelco was opposed to discussions between the union and the individual companies before the same commission. Put in other words, Stelco on that date objected and refused to enter into any discussions with me either

(a) In so far as those discussions would relate to Stelco and its employees, or

(b) In so far as those discussions might relate to problems between all the companies and their respective employees.

Do you not think that is a very unco-operative position for a company to take?—A. I did.

Q. And when a company takes that position it is obvious that harmonious labour relations are impossible?—A. Well, they took that position before me. I do not see the relevancy of your question.

Q. I notice here that you do not comment on this as being shall we say a dictatorial position taken by Stelco. That is the point I made, that there is the mere statement that this is the position the company takes. Now, just for a matter of information, in evidence before this committee the other day Mr. Hilton, president of Stelco, stated before the committee that he had never entered into any agreement with a bargaining agency in any of his plants unless ordered to do so by an order of court or by an order of the regional or National War Labour Board. That position is clear, and it is just merely mentioned and there is no comment on it as to the impossibility of harmonious relations as long as one of the opposing bodies takes that position, that they will not help out in any way. Supposing the union had taken that position, what would you say?—A. Supposing the unions would have taken what position?

Q. That they would not bargain with the company, that they wanted certain demands without meeting the company?—A. I would say it was very unreasonable.

Q. I imagine your language would be much stronger than that.—A. Is that a question?

Q. No, it is just a comment.

Mr. GIBSON: You can answer anyway.

By Mr. MacInnis:

Q. On page 12—

The WITNESS: Perhaps you will not mind if I interrupt you for a moment to say that the Steel Company notwithstanding the position it originally took, that quite apart from any legalistic argument that Mr. Munnoch had as to the authority vested in me in the commission, that as a matter of policy Stelco did at least enter into discussion before me concerning the problem as between it and its employees.

Mr. GILLIS: With a reservation.

The WITNESS: Quite.

Mr. GILLIS: With reservations?

The WITNESS: No.

Mr. GILLIS: A little further on in the same section it says:—

Subsequently and as a result of further discussion with Mr. Munnoch, Stelco finally agreed to one preliminary joint meeting between the representatives of the three companies and the union but made it plain that by so doing, it was not retreating from its position that the three companies could not and should not be treated as a group.

The WITNESS: That is letter perfect; that is exactly what happened. But you misunderstand that if I may say so with deference, I did say that they finally agreed to one joint meeting, and that was held. Thereafter the meetings with Stelco were not joint. Have I made myself plain?

Mr. GILLIS: Yes, you have. I said that since Stelco finally agreed to have one meeting with you with the reservation that it was not to constitute a precedence.

The WITNESS: One what meeting?

Mr. GILLIS: Apparently they were not retreating from their former unco-operative attitude, not changing any their basic position, they just agreed to and went to that one meeting.

The WITNESS: With the greatest deference may I say to the honourable gentleman, if you will only read the paragraph you will understand it:—

Subsequently and as a result of further discussions with Mr. Munnoch, Stelco finally agreed to one preliminary joint meeting between the representatives of the three companies and the union but made it plain that by so doing, it was not retreating from its position that the three companies could not and should not be treated as a group.

By Mr. MacInnis:

Q. On page 22, the second paragraph, there is this statement:—

Notwithstanding that situation, I put this proposition to the union towards the end of our discussions on July 11, namely, an increase of 10 cents in the basic wage rate and across the board for a 48-hour week; the differential between the basic wage rate at Dosco and the other two points, namely, 05 cents, to be left to be disposed of by the National War Labour Board on a pending application.

That is not the end of the sentence, there is a colon there. I think this is sufficient in itself. I understand that up to that time Dosco had not made any offer to the steelworkers union?—A. That is right.

Q. On whose authority then did you as commissioner make this offer of ten cents across the board, and the other matters associated with it?—A. I made it on my own responsibility, and I had a very good purpose in making it. I had spent at that time (by that time I had had two or three conferences) and it was

evident that no proposition would have gotten to the men, so I put this proposition and I asked the members of the negotiating committee before me to see whether or not such a proposition if it was feasible would be accepted.

Q. And if then, you had no authority for this proposal, and if the men had accepted your suggestion, your proposal that this ten cent per hour wage increase should be put before the employees to be voted on by secret ballot and that secret ballot carried, what assurance did you have that the company would come through with the ten cents?—A. Oh, I had no assurance.

Q. Don't you think——?—A. I do not.

Q. Don't you think that the representatives of the men were quite justified in not putting a proposal of that kind before the employees of the various companies?—A. No. I think they were not justified in declining to put it before the employees. You must remember I was acting as conciliator. I do not know whether you have ever had any experience acting in that capacity or not, but you cannot conciliate a tremendous problem like this was in one swoop. Supposing that the men having that proposition put to them had accepted it, I have something to work on with the other companies. That is all.

Q. But I am thinking of the position you would have been in and the position the representatives of the men would have been put in if they had accepted it, and there is that possibility?—A. What is your question?

Q. My question is, what would be the position, or on what authority could you say that the men were acting in a dictatorial manner in not putting that hypothetical increase to the employees without the assurance that that increase would be forthcoming if they had voted to accept it?—A. That is my view. You may not agree with it.

Q. I just want to know, if that is your view, it is immaterial to me, as far as that goes, and I am not without experience; I am a trade unionist of thirty-six years' standing, I have taken part in negotiations. I have never been a conciliator but I have been before conciliators as a representative of trade unions and as a representative of trade union organizations. If the representatives of a trade union organization were to get me into a trap like that I know what I would do to them.—A. Is that a question?

Mr. MACINNIS: No, it is a statement, a very definite statement.

The CHAIRMAN: Order, please, I have already ruled that members of the committee should put specific questions to witnesses and I draw the attention of all members of the committee to the fact that I intend to see my ruling upheld.

Mr. MACINNIS: Just a moment and I will have finished my questions. On page 12 there is this statement:—

The locals at all three companies had, in effect delegated all their powers to the International Officers and Directors of United Steelworkers of America.

What do you mean by "all their powers"?—A. Their bargaining powers.

Q. Is it not a fact that before the bargaining began that the three locals had discussed the proposals that would be made to the company and agreed on those proposals?—A. Would you repeat that, please?

Q. I say, is it not a fact that before the bargaining and before—I have forgotten the term—but before they appeared before the national bargaining committee—it was some such phrase as that—that before that committee was given authority to bargain on behalf of the men in the three plants that the employees of these three plants had discussed the proposals that were to be placed before the companies?—A. Oh, I could not say.

Q. You could not say?—A. No.

Q. Do you know of the fact that the unions by vote authorized the committee to bargain on their behalf?—A. All I know is that in the proceedings before me that it was brought to my attention that this particular policy was submitted to the men.

Q. How often, would you say, should the bargaining agency report back to their unions, if an offer were made? For instance, if Stelco had made an offer of one cent, would you say that they should send it to be referred to the union and a referendum vote taken?—A. No.

Q. Suppose it was two cents?—A. No.

Q. Three cents?—A. No.

Q. We will say the first offer of $5\frac{1}{2}$ cents was made, although the workers knew there was a 10-cent increase in the price increase for a wage increase, would you say that they should bring that offer of $5\frac{1}{2}$ cents to the men for a referendum vote?—A. May I answer your question this way? My experience in conciliation has taught me this in the course of conciliation that there is a lot of what they call horse-trading. Offers are made, counter-proposals are made, and answers to the counter-proposals, and so on. There reaches a time, if when the parties do not agree, there is a final offer made, and when that final offer is made and they are unable to agree, at that time I think the offer should go to the men.

Q. How are you to arrive at the time when the final offer is made?—A. In every conciliation, with which I have had any experience, it becomes quite apparent when the final offer is made. When negotiations are on the very verge of breakdown, then you know that the final offer has been made.

Q. I was thinking of the point in regard to horse-trading. Once you accept a horse, no matter however galled or spavined it is, you have got to keep the horse until you can palm him off on someone else. That is the position the employees would be in if they were not sure that they had the last offer that the companies were prepared to make, and I do not know how you would know whether the last offer has been made.

The CHAIRMAN: Will the honourable gentleman put a directive question to the witness?

By Mr. MacInnis:

Q. How are the bargaining representatives to know when the company has made their last offer?—A. I think I answered that a moment ago. When you find the negotiations are on the very threshold of breakdown, you know that the final offer has been made.

Q. Strictures have been made upon the steelworkers union. We should be quite clear whether they are justified. Is it not a fact that when the final offer is made that offer will go back to the men for a referendum vote, and before any final settlement is made the men have to vote on it?—A. That is exactly what I am complaining about in my report. There was a final offer made, and it did not go to the men.

Q. On what page is that, may I ask?—A. This may be of some assistance to the honourable gentleman. Algoma made an offer of 6 cents which, in my very humble opinion, was not an adequate offer, and when that stage was reached, I had the representatives of the company in one room and the representatives of the union in another room, and I was going back and forth between the two, and I got Algoma to increase their offer to 8 cents, and when Algoma made it and thinking of the time that eventually comes in all conciliation proceedings when they are on the threshold of breakdown, Algoma having made that 8 cent offer, and it being very apparent that they would not be able to go any higher, I then told the negotiating committee what the situation was and the answer was, "It appears that we cannot get together."

By Mr. Croll:

Q. May I just interrupt at this stage? Did you at any time when you reached the opinion that that was the final offer say to the negotiating committee, "I would like you to take that to your men"?—A. I told the national negotiating committee when they told me what they proposed to do that I did not think that was democratic, and they said it would not reach the men unless, in the opinion of the national advisory committee, it was reasonable.

By Mr. MacInnis:

Q. Did you impress upon the committee that this was Algoma's final offer?—A. I did not need to impress it upon the negotiating committee. It was so abundantly plain that any words of mine would not make it any plainer.

Q. In view of the fact that the Algoma representatives were in one room and the union in another room, and they could not see each other, it might not be so plain?—A. The honourable gentleman was not present when these proceedings were taking place. In the beginning they were together. I invited them to blow off all the pent-up steam they had; to get it off their chests. There came a time when, in the light of my experience in these matters, I deemed it advisable to have them in different rooms because one side might say things to me that they would not say in the presence of the other. Eventually, I brought them back together. Does that clarify it a bit?

Q. I do not think there was very much steam to blow with the Algoma Company?—A. I got along well with them.

Q. And the steelworkers?—A. I got along well with all of them.

By Mr. Gillis:

Q. Might I say to you that on the question of a final offer, I do not think anyone is in a position to classify whether an offer, either from Algoma or Stelco, is a final offer. At least, when Mr. McMillan was before this committee he made it clear with regard to the 8 cents offer that any further offer would be contingent on government assistance. It is possible that if there was a higher offer that the government would go to the aid of Algoma as they did with Dosco throughout the war. It is possible that they could advance their offer, so I do not think anything is final.—A. If the honourable gentleman has a question, I will be glad to attempt to answer it.

By Mr. Adamson:

Q. There is a question I would like to ask with reference to your brief on page 23 in the last paragraph. Do you think that the union of any one industry should have a governing body and that this body should be able to act for the union?

Mr. CROLL: I do not know why I object to the question, but it seems to me that we are getting to the point where Mr. Justice Roach, who was appointed as conciliator, is now asked to give an opinion on a pretty broad problem. He may be embarrassed in giving an answer.

Mr. ADAMSON: On page 23 he comes to certain conclusions. If the chairman thinks that I should not ask that question, I will bow to him.

Mr. CROLL: The chairman stopped me the other day when I asked a similar sort of question.

The CHAIRMAN: Hypothetical questions should not be asked.

By Mr. Adamson:

Q. I do not think this a hypothetical question, at all. Do you think that the unions of the steel industry should be represented by a central national committee? In other words, do you agree with the present set-up of the union in that they have national representatives in Mr. Millard and his committee?

Hon. Mr. MITCHELL: Why not?

The WITNESS: I am not embarrassed. I am not here to criticize the machinery that the union has for collective bargaining purposes. I have no criticism specifically of this, namely, that local unions should and do confer with national officers and directors. The advice of national officers and directors is given to them, but in the final analysis, I say that those who are vitally affected, have the right of self-expression.

Q. Thank you very much. Your contention is that the chain of responsibility breaks down?—A. I do not quite understand your question.

Q. That when the men at these plants marked their ballot "yes", as I understand the way they do it, that they would not fully understand that they were taking strike action?—A. No, I did not say that at all.

The CHAIRMAN: I do not think that sort of question should be put. It is highly hypothetical.

Mr. CROLL: Do not worry about the witness, Mr. Chairman.

The CHAIRMAN: I have to look after the order of the committee.

By Mr. Adamson:

Q. I specifically tried not to do that. Mr. Justice Roach made some very definite suggestions on page 23. I am trying to find out if there is any way in which the chain of responsibility can be made more flexible, and the very thing he has suggested is that the men be given an opportunity before they take definite action. Is there any improvement that can be made?—A. I have indicated how the machinery should operate, namely, when the final offer is made, that that offer, instead of being rejected by some group, should be submitted to men so they can express their own views on it.

Q. The men to go back to the union?—A. Yes. I can give you an illustration. In April there were very serious contentions between the International Nickel and its employees at Port Colborne and at Sudbury. An offer was made by the company to the union negotiating committee at Port Colborne. The negotiating committee did not accept it. The offer got to the men, and the men did. The offer was increased to 8 cents at Port Colborne. Then we got to Sudbury, and that is where I came into the picture. I forget how much the union wanted, but after three hectic days, we finally got an agreement. The negotiating committee did not approve of it, but they said they would submit it to the men, and they did approve. I can illustrate the point I have been trying to make in this way. Supposing that the negotiating committee has said that the offer was not reasonable and that they would call a strike. There would have been 8,000 employees on strike in Sudbury, notwithstanding the fact that after and when they had the opportunity to consider the offer, they accepted it.

Q. Do you think that some similar method could have been taken with the steel industry?—A. That is right; that is my view.

Q. The next question I have to ask is this. You suggest that a board should be set up for this industry and that on this board there should be a representative of the industry, a representative of the union and three representatives of the public, and you make very specific recommendations. Who was not to be on this board? Do you feel that you can get three fair-minded men across Canada who would have the respect of all? Do you feel that that could be done? I merely mention this because of the great deal of abuse people in these disputes have to put up with.—A. I think you would find in the population of these three areas some public-spirited men who would be willing to take on this task, thinking they would be providing some public service. They have no axe to grind and no affiliation with the union or the industry.

By Mr. Reid:

Q. The Minister of Reconstruction is here. I know the difficulty there is of getting men who have to put up with a great amount of abuse, some of which

comes from the chamber across the way. Do you feel that you can get such men?—A. I should think so.

By Mr. Sinclair:

Q. These three men are to represent the steel-consuming public of Canada?—A. Yes.

Q. Why not have one of the men from the West. In Vancouver we consume steel. As I understand, they were to represent the consuming public of Canada?—A. After all, as I said this morning, I have been groping, trying to find some solution, and when I suggested three men to represent the public, I picked these men from the areas where the steel industry is located. It is only a suggestion.

Mr. CROLL: May I point out that there are two plants in Ontario, but we gave up one seat on that board.

Mr. SINCLAIR: And there are no steel plants in Quebec.

By Mr. Adamson:

Q. My last question is this. Despite the very difficult conditions, particularly economical conditions, do you feel that there is any possibility that a definite type of agreement can be drawn up between the union and the industry as a whole? I just mention this because the Little Steel Formula was in effect in the United States, and I believe it affected the whole industry across the length and breadth of the United States. Do you believe that a general formula can be drawn up between the union and the industry?—A. I would prefer not to answer that, Mr. Chairman. I find myself just a bit embarrassed by the question. Frankly, at the moment I do not know where I stand. I was appointed a commissioner. Many things have happened since I was appointed. This committee of the House of Commons is now struggling with the problem, and I am sort of on the fringe of it all. I do not want to get back in the thick of it. I undertook this work at the conclusion of the court term when I was very tired. I undertook it for two reasons. I am a bit interested in management-labour relations. I enjoyed it. I also undertook it because I thought I might be of some public service. May I say this, that a man who might otherwise be willing to give some public service, such as I had hoped I might give, will hesitate a little hereafter from even offering his service if he has to submit to innuendo, and, shall I call it, abuse.

By Mr. Croll:

Q. Not abuse from this committee?—A. No, from the outside.

By Mr. Gillis:

Q. Mr. Chairman, I would like to get back to the purpose for which this committee was set up, and get some opinion from the witness as to what he thinks are the possibilities of this committee achieving its objective. You were appointed under Order in Council No. 4020 for the purpose of endeavouring to bring the union and the operating company together with the end in view of evading a strike?—A. I conceded it to be such.

Q. You also know that this committee was set up because the established machinery had broken down, and this committee set as its objective the settlement of this dispute. That is why we are here. Following your failure to get both parties together, the government passed order in council No. 2901, appointing a controller.

The CHAIRMAN: I would like to interject at this point. The honourable gentleman should put a straight question to the witness. He is making a speech. You must ask a question if you want to get some information.

By Mr. Gillis:

Q. The controller set up under that order in council was delegated the authority of the operating companies, was he not?—A. I suppose the order in council will speak for itself.

Q. Do you not think that the attitude adopted by the operating companies before this committee precludes the possibility of getting them together?—A. I submit, Mr. Chairman, that that is a question I should not be called upon to answer.

Q. The committee has its own opinion on it. Are you aware that this committee made a motion on the second day it sat to bring the three companies to Ottawa with the objective of having them get together with the union? You have seen that in the press?—A. I may have.

Q. That was the decision of this committee. You do think at this time that this steel dispute should be settled as quickly as possible?—A. By all means.

Q. Do you think it is now possible under this order in council for the controller to exercise his authority under that order in council and meet with the steelworkers union and yourself as representing the government for the purpose of beginning immediate negotiations?—A. I submit that I should not be called upon to answer that question.

Q. My information is that you are the one man who has the responsibility of getting these people together. If the machinery provided is not going to be used, then there is nothing this committee can do. I would like to see this strike settled, and I would like to see the existing machinery used. Now I am going to say a few words on your brief. In your brief you make a reference to the national negotiating committee of the union as a dictatorship. Is it not a fact that the national negotiating committee of the union is comparable to the cabinet in the government? For example, it passed this order in council, and it affects the whole of Canada. You would not consider that a dictatorship?—A. I do not think I am here to make comparisons as between the cabinet of the federal government and the position of the national negotiating committee of the union.

Q. I think it was rather unfortunate that you used "dictatorship" in relation to this committee.

Mr. CROLL: I have heard the word "dictatorship" used in the House by the opposing side.

By Mr. Gillis:

Q. That is no excuse for its use here. Is not that form of organization, which we are talking about, used by practically every organization, the church, the Canadian Legion and others? They report back to the main body from time to time?—A. Yes, that is right. That is all I wanted the union to do.

Q. That is what they have done?—A. No, they have not submitted the offer to the men.

Q. Following out the form of organization, is not this true, that the rank and file of the steelworkers union, holding a national conference, laid down certain wage demands? That is true? The demands made on the operating steel companies were not something that was laid down by the national negotiating committee; they were the demands of the rank and file? Is not that true?—A. I do not know what machinery was set up that resulted in the international officers and directors, or some central body, formulating some policy, and setting out certain demands that they proposed to make upon the companies. All I know that this ballot was not submitted to the men. It was suggested that the national negotiating committee had to carry out the instructions contained in the ballot. However, I would point out that the original demand was an increase of 19½ cents an hour for a 40-hour week. That was

changed during the negotiations to an increase of 15 cents an hour for a 44-hour week. I do not know who had the authority to change it, what the machinery was, or anything else. The point I am making is this, that if the national negotiating committee, which appeared before me, had the power, notwithstanding the original policy of the central body of the union to reduce their proposal, then they were not bound by the original ballot.

Q. Consider the wage policy of the government. The workers like to obey the law. During the process of negotiations the government jacked its policy up by granting an increase of 15 cents an hour to the woodworkers of British Columbia, and in accordance with the wishes of the government, the steelworkers brought their proposals down to conform with that as they felt it was a pattern. They did not do that without consultation with their union. Are you aware of the fact that there was a meeting held at Sault Ste. Marie on April 5 when the wage pattern announcement by the government was reported, and a vote was taken whether they should proceed with their original demand or reduce it? There were two meetings held at Hamilton, mass meetings at which the national negotiating committee reported on the 10 cent offer, as announced by the government, it was rejected unanimously by vote and the executive instructed to continue. The same thing took place in Sydney. A meeting was held, the whole matter of negotiations was reported and the committee instructed to carry on. So you see your charges that they are not reporting these matters back are not valid; because they have been reporting and have been voted on by the locals. I was going to ask you if you would agree with me on this. Do you think it would have been a good business arrangement for the union, say in the matter of their negotiations with Stelco? At the time they were negotiating with Stelco they knew that a certain payment of \$5 a ton increase was allocated for wages. They also knew that this 10 cent offer was set by the government. Do you think they should have gone back and taken a ballot throughout their union, which means considerable expense, on that 5½ cent offer made by Stelco? It would have been wasting money and wasting time.—A. No. I would have no criticism for the negotiating committee not submitting that to the men.

Q. In effect then, what was in your brief you did not mean quite literally, that all proposals should be sent back to the locals for a vote?—A. Well, I thought I clarified that when I say that there comes a time when negotiations break down and it is quite apparent that the final offer has been made. When that point is reached, then it is my humble opinion that it should be submitted to the men and let the men express their views.

Q. That is when the final offer is reached?—A. Yes.

Q. Do you not agree with me that it was rather difficult for the negotiating committee to determine when the final offer was made, for this reason—

The CHAIRMAN: Mr. Gillis, will you let the witness answer? You just put a question and then you begin to make a speech. Will you let the witness answer?

Mr. GILLIS: I am not making any speech.

The CHAIRMAN: There is a question which you put and you do not allow the witness time to give his answer.

Mr. GILLIS: What is that?

The CHAIRMAN: You put a question and you begin a speech. I humbly and respectfully submit to you that Mr. Justice Roach should be given time to answer your question.

Mr. GILLIS: I gave him lots of time. He answered and he sat down. I am not trying to trick him. I want you to understand what I am talking about. If I was trying to trip him up, I would make it very short. But I am trying

to get clarification in this thing in my own mind and in the minds of the committee. He wrote a brief that I considered a pretty solid indictment against the union and I am trying to clarify it on that particular point of dictatorship, not reporting back to the union and the question of the final offer. I am asking Mr. Justice Roach if he does not think that in that particular part of the brief it was rather unfair to the union. I am asking him if he can tell me and the committee how the Steelworkers Union could determine when the final offer was made. My reason for asking that is this. He has already answered it but not to my satisfaction. You are aware of the fact that the government granted a \$5 increase in the price of steel?

The WITNESS: That is right.

By Mr. Gillis:

Q. Is that not true?—A. Yes.

Q. You are also aware of the fact that a portion of that is allocated to wages?—A. So I understood.

Q. The portion was never allocated. The Steelworkers Union did not know what portion was allocated to wages.—A. Is that a question.

Q. Yes.—A. What is the question?

Q. The question is this. Do you think it was possible for the Steelworkers Union to determine when the final offer was made?—A. Oh, yes.

Q. How were they to determine that?—A. Well, when negotiations break down and everybody folds up their books and starts departing; I think that is the time when the final offer has been made.

Q. Do you think when the increase in the price of basic steel was made to the companies, that Mr. Donald Gordon should have informed the Steelworkers Union what percentage of that was allocated to wages?—A. I submit that is an unfair question, Mr. Chairman.

Q. It is not an unfair question.—A. Well, I decline to answer it. I am not here to judge Mr. Donald Gordon.

Some Hon. MEMBERS: Hear, hear.

By Mr. Gillis:

Q. Do you not think that the Steelworkers Union were not in a position to determine when the final offer was made until they knew what percentage of that increase was for wage purposes?—A. No, I do not agree.

Q. You do not agree?—A. No. You see, when you are conciliating it becomes perfectly apparent at some stage that the final offer has been made; and if not accepted, why, that is the end of conciliation proceedings. One does not need to be a crystal gazer to see when that time is reached.

Q. Well, I was not talking about your methods of conciliation at all. I was talking about the brief, and where you make criticisms. Now with respect to the functions of the negotiating committee at the present time, you are aware of or you know order in council P.C. 1003 very well, I presume?—A. I beg your pardon?

Q. You know order in council 1003 very well?—A. Yes.

Q. You are also aware of the fact that that order in council, in addition to certifying the union, privileges them to appoint bargaining agents?—A. That is right.

Q. Would you consider the national negotiating committee of the Steelworkers Union now as bargaining agents for the union effective?—A. I think you will find in the order certifying the union as collective bargaining agency of the employees of any one of these three plants, that the personnel of the negotiating committee or their successors in office constitute the bargaining committee.

Q. That, in effect, is the present national negotiating committee?—A. No. I am sorry to contradict you, but it is not.

Q. Why not?—A. Simply because the order certifying them names the personnel of the bargaining committee or their successors in office. Why it does—well, it just does.

Q. The men I met here from Sydney, from the Soo and from Hamilton are the men that I have been meeting and doing business with for the Steelworkers Union since its inception, elected by ballot by the rank and file and I have always carried on negotiations as their agent. I merely bring that point out because of this accusation of dictatorship. I should like to ask you, sir, if you consider the position taken by the Hamilton Steel Company or by the Steel Company of Canada as dictatorial? Mr. Hilton, when he was before this committee, was asked whether he reported back to his shareholders for instructions in matters affecting the company, such as this particular dispute. His answer was, "No"; that he was hired by the company to run the company, and he ran it. Would you not consider the representatives of the Steelworkers Union in a comparable position? They are hired by the union to run the union in matters of this kind.—A. They are as far apart as the poles, if you want my opinion. You take any corporation, and the general by-laws of the corporation which are submitted to the shareholders for ratification very definitely define the powers and duties of the officers and directors. There is not the same type of organization in the union. May I illustrate what I mean when I say they are as far apart as the poles. If the management of Algoma should confer with one another and decide that they were going to shut down their plant because Stelco was in disagreement with its employees, then I should think that before they suited the action to the word, the management should submit their decision to their shareholders. Now, by the same token, the employees at Algoma, or the representatives of the employees at Algoma, before they say to those employees, "You strike because there is a dispute at Stelco which cannot be settled", should submit the matter to the men; the opportunity should be given to the men to say whether they wish to strike or not.

Q. Well, that has been done. As I told you a few minutes ago, at Sault Ste. Marie a meeting was held, a report made and a vote taken, and the executive were instructed to carry on as per their instructions from their national conference. I have not heard anything about Mr. Hilton reporting back to his shareholders so far. In your brief you make reference to radio broadcasts over the air in Hamilton and you classified them as being a factor in promoting bad relations. In fact, you termed them a vilification of the company.—A. Yes.

Q. Were those broadcasts not submitted to the radio station for censorship? —A. I do not know.

Q. Do you not know that under the regulations they have to be submitted? Any of the stations that I have ever gone on, I have had to have my script there a couple of days ahead of time to be censored and either okayed or changed. You do not think, for example, that the manager of the station in Hamilton would permit someone to go on the air and vilify anybody in that community? —A. I am not judging the manager of the radio station at Hamilton.

Q. You have already judged him in your brief.—A. No, I have not.

Q. You stated that you considered the broadcasts over that station as being a vilification.—A. Yes.

Q. That is a pretty strong word.—A. I intended it to be strong.

Mr. GILLIS: I think then that the Radio Broadcasting Committee of the House of Commons should check up on the Hamilton station if the station is being used to promote bad labour relations. I will be looking forward with interest to your final brief.

By Mr. McIvor:

Q. Mr. Chairman, I should like to ask a question of the Hon. Commissioner. When he made his offer of 10 cents, an increase of 10 cents an hour, was it

accepted by anybody, either by the union or any of the companies?—A. It was not submitted to anybody.

Q. It was not?—A. No.

Q. I was going to ask you if it had been accepted and if it was not accepted, what was the reason, it was not accepted.—A. I made the offer which has been criticized by some other hon. gentlemen about 6 o'clock on the afternoon of the 11th, I think it was—that would be 7 o'clock perhaps at Sydney—and I was told by the members of the national negotiating committee who were then before me that that proposition would have to be submitted to the advisory board then sitting at Hamilton. When we resumed the following morning at 9 o'clock or 10 o'clock, I enquired what the answer was. I could not then be told without Mr. Kidd putting in a long-distance telephone call to Hamilton. We waited and when he had completed his call, he came back and reported that the proposition had been turned down in its entirety, that the national advisory committee was notifying the three companies to bank their furnaces, that the strike would commence on Monday, I think it was; so the offer was not presented to the men at Dosco.

By Mr. Croll:

Q. Mr. Justice Roach, arising out of the question of Mr. MacInnis, may I ask you this. Did you or did you not deal with the ability or inability of any of the companies to pay?—A. No.

Q. You did not?—A. No. You see, Mr. Croll, I was counsel, I was judge, I was auditor, I was everything all wrapped up in one and I struggled as best I could with a tremendous problem.

Q. One more question; at page 22 of your brief in dealing with Dosco you say, "I put this proposition to the union towards the end of our discussions" and in the course of it you recommended what we term the Rand formula?—A. Yes.

Q. To Dosco?—A. Yes.

Q. Dosco told us here yesterday that 90 per cent of their men were organized. You thought that the Rand formula would be applicable in Dosco?—A. Did I think that?

Q. Yes. Is that what you are suggesting? You put it forward, did you not?—A. I am not suggesting it would be applicable in Dosco, but I am not disagreeing with your suggestion.

Q. I mean, did you not put it forward—you say, "I put this proposition to the union towards the end of our discussions."—A. Yes.

Q. You put forward that suggestion?—A. Yes.

Q. For Dosco?—A. That is right.

Q. Yes. And I point out to you from the evidence yesterday that Dosco said 90 per cent of their men were organized. You did know that 90 per cent of the employees of Dosco were unionized?—A. I understood that.

Q. You understood that. I just follow that up with this question. I notice that in Algoma public relations were very good. As a matter of fact, in one part of their brief they said something to the effect that "we love" or "we like our employees." Their relations were very good.—A. I understood that relations at Algoma are excellent.

Q. Excellent. I notice that only 189, according to the brief, voted against the strike.—A. Well, whatever the figure is.

Q. That is the figure.—A. That was the information given to me. That is quite correct.

Q. Now I put this to you. Was there any particular reason why, in view of the excellent labour relations, you did not recommend the Rand formula in the Algoma situation?—A. Well, the question of union security was not an issue at Algoma. The union is very strong at Algoma. At no time during the discussions was it suggested that there was any necessity for union security at Algoma and—

Q. Yes, go ahead. I am sorry if I interrupted you.—A. And I am not saying that at some time the Rand formula was not suggested during the course of our discussions.

Q. When you say the relations were good, actually the union was much stronger in Dosco than it was in Algoma?—A. I do not know.

Q. You do not know?—A. No.

Q. But you say it might have been discussed.—A. It might have been mentioned at Algoma.

Q. You know that the union men wanted the Rand formula in all the steel plants?—A. I understood so.

Q. Yes. Was it ever discussed? Of course, you said that Stelco would not agree even to the check off; I think those were your words?—A. That is right.

Q. Could I assume that you thought they were unreasonable about not agreeing to the check off? Was that your view, or do you want to say anything further on that? Perhaps not.—A. I only reported what I found.

By Mr. MacInnis:

Q. Mr. Chairman, I wonder if I could ask just for clarification of one other item in the interim report. It is on page 16 at the top of the page. The item I refer to reads as follows:—

The union has no intention that the minimum weekly earnings would be increased only by 40 hours at 19½ cents, viz., \$7.80. The obvious objective is a weekly increase of \$7.80 plus 8 hours at time and a half, viz., \$10.08, or a total weekly increase of \$17.88.

Would Mr. Justice Roach explain what that means?—A. Very willingly. I can do it best by reference to Stelco. If I understand the union's proposals, they had in mind two things: first, the minimum wage would provide a decency standard without having to work overtime. That is the first. Second, by a reduction in hours to thereby provide employment for more men. They say that a decency standard requires a minimum of \$33.60. Passing on from that stage, the present employees, so I understood, were willing to accept a weekly wage of \$33.60 and thereby, if there was unemployment, allow the unemployed to obtain employment at a rate which would provide them with a similar standard of decency. A reduction from 48 to 40 hours weekly at Stelco would mean, if you keep up the present capacity of production, that Stelco would have to employ one-fifth more men than they presently have on their payroll; that is 1,000 men; and 1,000 men are not available. Therefore if you keep up the present capacity—I think that is the word—or the present unit of production, if you like, and the men only work 40 hours, you could not keep up the present amount of production. They would get eight hours overtime, that is what I mean.

Q. But, is that a fair way to put it? Did the men ask for a forty-eight hour week? I understand that in asking for the overtime they were allowing time for the company to adjust itself to this. That is if I understand it right. Perhaps you have been closer to it than I have and can tell me if that is correct?—A. I have a note on that here under my hand. If you will look at page 2 of my report you will find it at the bottom of the page.

In October, 1944, the union in its annual policy-making conference, in view of the then existing cost of living and the expectation of some increases in that figure, decided that it would be necessary to have in the immediate post-war period an annual minimum income of \$1,750 to provide a health and decency standard of living for Canadian workers in the steel industry. It was also decided at that time that as soon as manpower was available and in order to avoid unemployment, that hours of work should be reduced from the 48-hour standard work week

which then prevailed to a 40-hour standard and an imposition of overtime in order to ensure that the 40-hour standard would be worked and as many people employed in the steel industry as possible.

It was also decided that modern industry required an annual two weeks' vacation with pay in order to protect the health of those employed.

Now, I am saying that manpower is not now presently available, and if you now reduce it from 48 hours to 40 hours and maintain your present unit of production there must be overtime.

Q. There would be overtime until the number of employees necessary were recruited; but surely it is unfair to say that was the intention of the unions when they raised the question of 40 hours, the 40-hour week, that it was mere camouflage to get overtime for eight hours work.—A. I am not suggesting it as camouflage.

Q. Let me read that paragraph again. That is how it would appear to me: that the union has no intention of making the weekly earnings, of their being increased only by 19.5 cents a week, namely \$7.80, the obvious objective. They are not stating their objective in the 40-hour week. The obvious objective is the weekly increase of \$7.80, plus 8 hours time and a half, namely \$10.08, or a total weekly increase of \$17.88. Surely that is putting the union in the position that it is not stating its ultimate objective or the objective that it has in mind, that it is saying one thing when it really means another thing, is that not the effect of it?—A. That language could perhaps be altered by simply saying what the results will be.

Q. That is altogether a different thing.—A. I am content to have it put that way.

Q. This is in the brief and as it is now it is a reflection on the sincerity of the union.—A. Oh, I mean no adverse reflection on the union.

Q. Well, I would say possibly it was not done intentionally, but the way the thing is worded it cannot mean anything else.

By Mr. Croll:

Q. May I ask one more question on page 19? Mr. Justice Roach, will you look at it please. I just want to make sure that on page 19, the company's offer—A. That is Stelco?

Q. Yes. The company's offer 87.2 plus 10. minus 97.2 cents x 48 hours—\$46.656 per week. Those were figures which you obtained from the company?—A. That is right.

Q. And you are quite certain that they may be taken as being very authentic?—A. They gave me their total gross wages and total man hours, and dividing them one into the other you get the rate.

Q. And then if you will look a little further down there on the page they give total wages in both 1939 and 1945, and also the production and with that you compute the wage cost per ton. Then you have the man hours worked in the company's basic steel plant, 11,802,157 and multiplying that by 10 cents, that would give you \$1,180,215.70; and then vacations with pay would add \$115,000 to that?—A. That is right.

Q. And that would bring the total increase to \$1,295,215.70?—A. Yes.

Q. Now, extending that out, instead of using the ten cents you take fifteen cents, the figure you would get would be \$1,770,323.55—you can take that from me as being fair arithmetic.—A. Yes.

Q. I am just following up what Mr. Gillis said. I have taken down your expression that the negotiations broke down and the final offer has been made. And now, whether or not it is accepted you recognize that a final offer is made. You say that they closed their books and walked away, I think that is the way you put it. Is it not possible that in view of the new price that went on in April of \$5 a ton more for steel, and the possibility being included in

that for wages, having in mind at the same time that the \$5 increase in steel and which resulted in 18·5 per cent increase in wages that these people didn't recognize this as a final offer. What do you think?—A. I do not know how they could help but recognize that that was the final offer.

Q. All right, sir. Then, that being the final offer, they saying there it is. And now, we have got to find something where to go from here?—A. That is a problem for this committee.

Q. No, no. You are the conciliator. I mean, you stated that they had closed their books and they have said, you have the final offer. Perhaps I should not ask you this, I suppose, whether it is or whether it is not the final offer. As a matter of fact, I will not ask you.

By Mr. Sinclair:

Q. I want to follow along this point raised by Mr. Croll. I have no doubt in my mind, Mr. Justice Roach, that at that point in your conciliation you were quite probably well aware that this was the company's final offer, they closed their books and away they went. But if we used this as a pattern in future disputes and we reached the point where they closed their books and the union walks out and the company walks out and says that is the final offer, might that have an effect on their actual performance at that time; and are we not rather hamstringing them right now? The company, for example, slam their books and walk out. The union will be forced to regard this as a final offer—I am convinced that this is a final offer.—A. If you are convinced then I am in part.

Q. I am not convinced that in these present negotiations that was the final offer, but my question is that in future negotiations say with unions and the companies when this temperamental final offer is made, as it is going to be put to the men, are you not sort of hamstringing proceedings to the extent possibly of putting on a little show of making a final offer, say on the part of the employer—slamming the books and walking out,—are you not sort of hamstringing all that you have done up to date?—A. Whether or not it is the final offer I should think would depend to a very large extent on who the conciliator is.

Q. Quite true, and the more clever the conciliator the better he will be able to decide whether this is a final offer or not, but whether to carry on or not is a very difficult matter for a conciliator to decide. There is one other point in this and it is a matter of policy. From the unions we have learned that the unions really desire to negotiate the industry on an agreement from each company. We have at the same time that resolution that there can be no dealing individually.—A. Yes.

Q. If that final offer had been put to the men in the three plants this situation might well develop, Algoma may vote for it and the other two vote against it.—A. Yes.

Q. That throughout the industry, on the other hand, you might have the union vote for it and only one particular plant against it.—A. Yes.

Q. Are you not now again faced with exactly the same problem; the steel men and the operators coming to you and saying, we have decided this on a local issue but the union are going to say it must be an industry wide decision, so that actually you are no further ahead—A. No, I do not agree. I can see that this employee who is earning a daily wage at Algoma is much more interested in the amount of his take-home pay and his ability to carry on and support his wife and family in a decent healthy condition than he is in giving a sort of blanket policy for a group of men with respect to the industry across Canada.

Q. This would lead me then to think that you are giving an answer to a question which you did not care to answer to Mr. Gillis, that these negotiations

should be conducted on a local rather than an industry-wide basis.—A. I think so.

By Mr. Croll:

Q. May I have one more question? It is not often that a solicitor has the opportunity of cross-examining a judge, so I cannot resist the opportunity at this time. Is this a proper statement: that you had hope that if you had been left alone and given a little more time that you would have finally brought out an offer of ten cents an hour across the boards during all that time?—A. No.

Q. You had not?—A. No, I had no such hope.

Q. You had no such hope that you would be able to improve these offers?—A. No.

By Mr. Homuth:

Q. This morning I asked the witness with regard to the statement on page 10, where he has asked that each of the companies make a submission, and Mr. Justice Roach said that he had received these submissions. Were these submissions the same for each company?—A. Identical.

Q. Identical?—A. Yes.

Q. And the ultimate aims of each were identical?—A. Yes.

By Mr. Black:

Q. May I just ask Mr. Justice Roach if he had any separate communications or negotiations with the representatives of the union from Nova Scotia, Dosco?—A. I beg your pardon, sir.

Q. Did you carry on any separate negotiations with representatives of the union from Sydney, from Dosco?—A. No.

Q. In conjunction with the National Labour organization?—A. You see, when I was in Algoma, those representing the employees before me there were the members of the national negotiating committee, and also present were the officers of the local. When I got to Hamilton I had the same national negotiating committee and also present were the local officers of the local at Hamilton. When I got to Montreal in meeting Dosco, I had only some of the national negotiating committee and the officers of the local at Sydney were present. Does that answer your question?

Q. You had no opportunity of meeting and discussing with Sydney representatives separately their local conditions?—A. Oh, at no time was the national negotiating committee not present, nor did I have an opportunity of discussing the matter with the local executive.

Q. Well then, there was no opportunity of discussing with them the special circumstances pertaining at Sydney and the capacity of the company to pay the increased wage, or a more adequate wage, or to do away with the differential of 5 cents that has been existing there in Sydney?—A. No.

Q. The representatives of the union at Sydney I think are recognized in Nova Scotia, I know they are, as being the body to negotiate for the company at Sydney by virtue of special legislation passed in 1939. I was in the legislature at the time and took my stand in favour of that. We feel that they should be recognized as the body to negotiate. I believe the company has very often recognized them in the past. I would like to know if there has been any expression of opinion so far as you know from these representatives from Sydney as to why the scale of wages at Sydney should be placed on the same basis as will prevail or has prevailed at the other plants in Canada?—A. Oh, I think that is their idea.

Q. Irrespective of the ability of the company to pay?—A. I think so.

Q. Of course, we are all anxious in Nova Scotia to have our plant there raised to the high standard of the others, but when it comes to the question of the ability of the company to pay and it means that the company is not going to be able to maintain its solvency, then it is a question of either closing down,

or curtailing, or having government subsidies. But as far as you know those factors have never entered into the negotiations?—A. The company certainly said, we are not in a position to grant the increase; we are already being subsidized by the federal government, and any offer that we would make if accepted would have to be paid by the federal government.

Q. As far as you know these are the views of the representatives of the Sydney plant?—A. Yes.

By Mr. Johnston:

Q. Did you have any authority to investigate the financial standing of any of the companies to see whether or not their offer was sufficiently high?—A. If I had the authority I certainly would not exercise it, and never intended to exercise it. I am not an accountant.

Q. You do not judge the position of the companies in regard to their ability to pay?—A. No.

Q. I notice in one case, I think it was the Algoma, that the original offer was 6 cents?—A. That is right.

Q. Then you did not consider that sufficiently high and you asked them for an increase?—A. Yes.

Q. On what did you base your opinion in that case?—A. I based it on this, that having regard to the increased cost of living there should be an increase in wages.

Q. Without regard to the ability of the company to pay?—A. Regardless of the ability of the company to pay the men have to live decently.

Q. I agree with you there, sir, very decidedly. Then you were basing it solely on whether the men had a sufficiently high standard of living?—A. I was basing it on the increased cost of living in relation to the wages they had been getting.

Q. How would you expect the company to pay the other two cents on their original offer if you had no information as to their ability to pay? Were you relying on a government subsidy?—A. No, I was not relying on a government subsidy. I was trying to say something but I will refrain from saying it. A man has to live decently.

Q. Agreed.—A. Yes. The standard of wages they were getting in my opinion was not sufficient having regard to the increase in the cost of living. I did not think that 6 cents brought it up to a point where it would be sufficient; therefore, I urged upon the company that they increase their offer, and they did.

Q. I am very much interested in that and I would like to know what you took into consideration when you asked them to do that, because I understood you to say that Algoma was not very wealthy, financially and therefore—
A. I did not say that.

Mr. CROLL: It is said they paid a lot of money during the war.

By Mr. Johnston:

Q. They made that statement here. Now, the question of cost enters into a question of this kind. I would think you would possibly have taken that into consideration.—A. If you will look at page 24—I do not know whether your pages correspond to mine or not—you will see the heading, "relating basic wage increase to increase in cost of living". And I say:—

The cost of living by May, 1946, had risen above that in 1939 according to the Dominion Bureau of Statistics by 21.2 per cent and according to the Toronto Welfare Council by 30.5 per cent.

An increase in the basic wage rate of 10 cents bringing it up to 74½ cents for a 48-hour week would be an increase of 35.5 per cent above a 1939 rate of 55 cents.

Now, that increase of 8 cents was going to be helpful.

Q. I agree with you, I am not objecting to that. And so I take it that the main consideration in asking for this increase was so that the standard of living of the men would be raised?—A. No, I did not say the standard of living of the men would be raised at all.

Q. Then, that they would maintain their standard?—A. That is what I was aiming at.

By Mr. Case:

Q. I would like to ask Mr. Justice Roach, did you see the union agreement that had been concluded with Algoma in April?—A. Yes.

Q. And did you notice there a non-strike clause?—A. Yes.

Q. Would you give us your opinion as to whether that clause would be effective, should they have refrained from striking until they had given consideration to the effect of the result of that clause?—A. Mr. Chairman, I would prefer not to answer that. It speaks for itself, and it certainly would not be pouring oil on top of waters to start delving into the plain meaning of that.

By Mr. Blackmore:

Q. Mr. Chairman, I think the answer which Mr. Commissioner Roach gave is based on what he had written on page 24, and it raises a rather important question. I think sooner or later we must get down to fundamentals. Now, it seems to me that on page 24 the Commissioner rather assumed that the rate of pay for 1939 was good enough and that if we could keep the income of the steelworkers in Sydney at a basis comparable with the 1939 rates that would be acceptable. I just wonder if we would be at all justified in this committee in assuming that the 1939 rate of pay in reference to the 1939 cost of living was satisfactory, or would we as Canadians be justified in expecting the steelworkers to continue to work for that.—A. I am afraid the honourable gentleman will have to answer that question for himself.

Q. It will not take me long to answer it. My answer will be very, very definite. It will be to the effect that the people who remained in Sydney were more or less underpaid in 1939, and that we cannot possibly expect in this age when we are supposed to be entering a new order, we cannot possibly expect these men to work for the figure income for which they worked in 1939, when we were still practically in the depression waiting for the war to bring us out of it. I have two questions I would like to ask which will be more or less based on these considerations I have raised. I am not sure that they are fair questions so the Commissioner need not feel bound to answer them; but I believe this committee must answer them, and so must the men who come before us, Donald Gordon and the rest, before we can come anywhere near getting a suitable composition of this difficulty. The first question is, did the Commissioner assume the \$1,750 per year minimum income for steelworkers in Canada was, first, desirable?—A. Yes.

Q. That is a most excellent statement.—A. I accepted the union at their word.

Q. That is a most excellent statement and does the Commissioner great honour. Second, did he assume the \$1,750 minimum wage for steelworkers in Canada was possible?—A. Yes.

Q. Now, that again is a courageous remark for the Commissioner to make and does him great honour. Now, did the Commissioner assume that a uniform income—I assume he has almost answered his question in answering proposition one—did he assume that a uniform income for steelworkers in Canada was desirable. He said a moment ago that he took the union at its word; his answer therefore would be yes, would it not?—A. Oh, I think so.

Q. Very good. And next, that a uniform wage or minimum wage was possible in Canada?—A. I didn't get that far.

Q. That is a question this committee must face and experts must answer before it can at all judge of the soundness of the contention of the union. As I recall it, Mr. Millard conveyed to us a message somewhat like this: I have not his words, but the message is somewhat like this—the steelworkers in Sydney are entitled to a living wage of \$1,750 minimum whether the Sydney mills can pay that wage or not, and if the Sydney mill cannot pay that wage certainly its inability should not be taken out of the men; they should not have to suffer; some other provision should be made by the government in some way to aid the Sydney mills so that it will be possible to pay the men \$1,750 minimum. Now, I gather from what the Commissioner has said thus far that that would be in accord with the statement of Mr. Millard in that respect. If the witness is not in accord with that statement he will so indicate, and if he does not answer I will assume that he is in accord with it. He has already said that. In answer to the two former questions, he has agreed to that. Now, the next question I wish to ask is rather long, and perhaps a little involved. I have tried to make it simple.

Hon. Mr. MITCHELL: Do not answer it yourself.

By Mr. Blackmore:

Q. I will, if I am asked to. In undertaking his task was the commissioner's object to patch up the strike and get steel, more or less, back into production, was it his object to arrive at some fundamental basis that might be a permanent basis? Was his object merely to patch up the strike or was he to arrive at a permanent basis which could be used all over Canada?—A. When I got into the picture there was no strike. There was an issue in regard to hours and rates of wages. The parties, up to that time, had not been able to get together. My primary purpose was to attempt to get them together, and whether that was to be a temporary or a permanent basis did not cross my mind.

Q. In my judgment, Mr. Chairman, the commissioner undertook an almost impossible task?—A. I agree.

Q. I am sorry that one of the members referred to that as having failed in his task.—A. That did not hurt my feelings. I did my best.

Q. His task was utterly impossible if he did know when he started whether he was seeking for a patched up job or a permanent job. I think I have used all the time of the committee I am entitled to.

By Mr. Baker:

Q. Regarding that very constructive suggestion you have made this morning as to the council, have you indicated if that would be acceptable to the union representatives and to the management?—A. I am glad you brought that up. It may be of some value in case the committee, at some later date, is discussing that suggestion. I said this morning that I sounded out both the union and management. The union can speak for itself, but as I understand the union's proposition, they wanted a tri-partite council with some decisive powers. So far as management is concerned, Stelco said that it looked with favour on this suggestion of an industrial council, subject to this reservation that it did not want such a body to be delving into its business and at the same time delving into the business of Dosco and Algoma. The committee here should understand that when I was making that suggestion it was very vague in my mind. I had not thought it through. It seemed to have some merit. I could eventually have put it together.

By Mr. Gillis:

Q. Might I ask His Honour a question on that very point? With regard to this council that you propose with one man from the union, one man from the industry and three men from the public, you set out the qualifications of the public representatives that, first of all, they must not be connected with the

industry, and must not be connected with the union and must be free from politics. Where would we find that kind of person in Canada? Surely, no one in Canada is interested in his government to that extent. The only kind of person I can think of would be a clergyman.

Hon. Mr. MITCHELL: Do you say the same thing about clergyman that you do about other people?

By Mr. Gillis:

Q. I am interested in that. The steelworkers union have proposed an industrial council. Can you tell me where we might find three such men in Eastern Canada interested in doing anything like that?

Hon. Mr. MITCHELL: How do you think we are going to get commissioners after what some of the commissioners have gone through? Let us get on.

Mr. GILLIS: I do not think you will have any trouble as long as you pay the salaries and expenses.

Mr. CROLL: Mr. Chairman, I rise on a point of personal privilege. I think that the statement made by Mr. Gillis was not only an unkind statement but an uncalled for statement. The remark that a commissioner does it for the money he gets out of it is entirely erroneous. Mr. Justice Roach said he did the job as a public service. I may not agree with everything Mr. Justice Roach has said, but at the same time I respect him for the position he holds and the job he did.

Mr. GILLIS: Mr. Chairman, the Minister of Labour asked me a question and I answered that question. I had no intention of reflecting on Mr. Justice Roach in any way, shape or form. I asked where in this country you could find many people, apart from the judiciary, who would be willing to accept a job as commissioner if they were not remunerated for it.

The CHAIRMAN: Order, please. If the honourable member has any further questions to ask the witness, he may go ahead.

Mr. GILLIS: I did not start this, Mr. Chairman. The Minister of Labour asked me a question, and you allowed Mr. Croll to make a speech on the question of privilege, and I merely answered a question that was asked me.

Hon. Mr. MITCHELL: I want to say this, that it is one of our most troublesome problems.

Mr. GILLIS: Do not make a speech.

Hon. Mr. MITCHELL: You have been knocking people all over the lot. That is one of the problems, and my honourable friend takes the view that there are plenty of commissioners. I would like him to send me a list of people qualified to act as labour commissioners. I know something of the difficulties of the ministers of labour in this country for many years past, and also the troubles of conciliators, and I think the best thing this committee has done up to now is to have received at least some education on settling industrial disputes. Mr. Gillis has had his say-so and I am going to have mine. I know something about this thing. I think I have had enough bricks shied at me during the last five years.

By Mr. Blackmore:

Q. I wish to ask one more question which follows the three I have already asked. If \$1,750 for steelworkers is the minimum acceptable income for Canada, and if Dosco is unable to pay that wage, and if Algoma probably is unable to pay that wage, can the issues at stake in this dispute be settled between labour and the steel industry, or will settlement have to be made by the dominion government through financial assistance?—A. Will you turn to page 15 under the heading "Algoma's offer. The result." Algoma made an offer of an increase

of 8 cents an hour. That provides more than \$1,750. It provides a minimum income of \$1,809.60. If you turn to page 18, Stelco have made an offer of an increase of 10 cents an hour. That makes a minimum income of \$1,859.

By Mr. Black:

Q. Have you the figures on Dosco?—A. No, I have not got those.

The CHAIRMAN: On behalf of the committee, I thank Mr. Justice Roach for his statement.

**Donald Gordon, Chairman of the Wartime Prices and Trade Board,
Ottawa, Ontario, sworn:**

By Mr. Robinette:

Q. For the purpose of the record you are Mr. Donald Gordon, Chairman of the Wartime Prices and Trade Board?—A. Yes.

Q. There are a couple of questions troubling this committee, and the first one is this: In April of this year there was an increase granted by your board of \$5 a ton in the basic price for steel. First of all, were representations made to you for such an increase by the Steel Company of Canada?—A. Not precisely in that form.

Q. In what form?—A. I am sure, Mr. Chairman, if I may be permitted, I will give you a little background to this matter. If I may just make a brief statement I think I can explain the events leading up to the decision of the board. I should say first of all that discussions and negotiations with the Steel Company of Canada in regard to a possible price adjustment in regard to their products commenced as far back as 1943. At that time Mr. McMaster interviewed me personally and claimed that in quite a number of cases price ceilings which had been frozen at the price ceiling of the fall of 1941 were at or below costs. He pointed out that the only reason the company was able to operate on a profitable basis was due to the large volume of war orders, and he estimated that 75 per cent of the production of the Steel Company of Canada was for the Department of Munitions and Supply. He expressed the view that with rising costs of material and wage costs and with no increase in prices since 1939, apart from the tentative increase which had been granted by the steel controller, and had not been enforced by the steel companies, that the industry was in an unsound position to face post-war problems. At that time we entered into a long discussion with Mr. McMaster, not only orally but with correspondence to some great length. I do not want to leave the impression with the committee that our relations degenerated to what might be called a fight but in the course of exposing our points of view to each other, our correspondence became vigorous.

We took a definite stand in the beginning of the discussions that the board would not grant a price increase to cover theoretical costs. In regard to volume and costs, our position was that none of these conditions could be actually a fair cost at that time, and at that time it was only a matter of conjecture and controversy, and we, therefore, expressed the opinion that we were not prepared to increase prices on that basis in 1943 or 1944.

In the course of our discussion we gradually evolved a procedure. So we went through the year 1944 and came into the year 1945 with the argument, perhaps, increasing in heat and we evolved a procedure whereby we informed the company that we would accept the application.

We laid down the position that we would have to be shown that their overall position was such that they would be in a poor financial condition. Mr. McMaster took violent exception to that.

By Mr. Croll:

Q. Who is Mr. McMaster?—A. Mr. Ross McMaster. We went through that state of affairs until the time of V-J day, and then, of course, the whole question of post-war conditions came on top of us in a hurry. War orders were cancelled. The steel companies faced a bad situation. We asked for submissions giving details of the breakdown and the various unit cost factors, in addition to historical information affecting the profit condition of the company and capital investment.

I should say to the committee that we leaned heavily upon the company for the factual information we required, and while we tested that information to the best of our ability, it is true that we depended largely upon the accuracy of the steel company's figures. I have no reason to doubt that the figures made in the submission are not correct.

It is important to consider, however, that we were faced not only with meeting this post-war condition. Perhaps, I might quote an extract from a letter received from Mr. McMaster. In a letter to me dated May 12, 1945, he said:—

We are also seriously concerned about the absolutely uncommercial level of steel prices unchanged since pre-war times while many other prices have been permitted substantial advances. This inequality certainly should not be perpetuated into the post-war period, as it must certainly affect the availability of certain materials to the disadvantage of effective reconstruction measures.

We got along to about the end of 1945, and at that time we settled down to a real examination of the company's figures. At that time we also had had discussions in the meantime with Dosco and finally with Algoma so that we tried to reach a judgment on that situation on an industry basis. In looking at the figures of the companies it was necessary for us to look at the historical record and then try to forecast what might be expected under the conditions of post-war. That involved facts as to the volume of operation and actual sales volume of operation of the companies concerned. That is a most important factor in the steel business because at a certain point of production volume heavy losses are experienced. Overhead in the steel business is particularly heavy and until that volume is reached a heavy loss can be experienced. We, therefore, had to look at the expected volume and the anticipated costs. We had to form a judgment not only in regard to the possible costs of wages, but the possible costs of material, the possible costs of transportation and various other factors.

In the submissions from the companies, the companies had our request to give us a judgment as to what they thought they would have to pay in order to satisfy wage earners and in order to give them a wage which would keep them happy and keep them in production. That was an expression of opinion to us by the companies and we, in turn, in examining this submission looked at that estimated cost of labour just as we looked at the estimated costs of transportation and materials and also in regard to failure of operations by strikes which had already happened in the United States.

We then reached the conclusion that it was necessary to adjust prices to a point—and on this important point I would like to labour, if I may—that in arriving at the increase, which, in our judgment we could allow in the steel industry, we exercised our judgment as to the effect of the steel price increase we had in mind. Basic steel enters into practically every part of our economy, and we, therefore, said to ourselves: how can we adjust these various items to a point where we will not upset the applecart? When we refer to an increase of \$5 an ingot ton, that is not really what we did, at all.

If the members will look at War Order No. 617, in which the increase was granted, you will find a schedule of individual items for which we set down the

actual increase in cost of these articles, and the board exercised judgment to the fact of increasing the price of nails or pig iron, or rails. We deliberately decided in some places to allow a higher price increase than was being asked in the companies' submission. In the case of rails, for example, the price increase in that commodity meant a great deal more to Dosco than it does to Stelco, where hardly any rails are manufactured.

In the submissions we had before us as to wage costs, we arrive at a figure where we thought the resultant fact would still enable us to maintain a price ceiling stabilization policy and leave the companies free to negotiate with their labour, knowing what they could expect to get from the product of their company.

With your permission I would like to quote one sentence from the submission. We discussed with the company as to their opinion as to whether or not we should proceed with the price increase until the matter of wages had been settled. I should mention that by this time our discussions had passed largely from Mr. McMaster to Mr. Hilton, and in answer to our specific questions on this point he replied:—

We have given this matter a good deal of serious thought and are unanimous in our view that such a policy would place us in an impossible situation. I could not undertake any serious negotiations with our employees on the subject of the extent of wage advances we might afford to pay, and at the same time withhold the information from them that price adjustments are in the immediate offing. Neither do I believe I can take the position that I could grant tentative increases subject to price advances being granted which would make that possible. We believe that the only fair way to do business is with all the cards face up on the table, and if we tell how much we are going to be allowed to charge for our goods we can tell our employees how much we feel we can afford to pay them. In this connection I emphasize that I am not looking for the easy way out, that we are just as keenly interested in maintaining a sound cost and price structure in Canada as anyone and that we expect to do our utmost to keep the excessive demands made upon us within reasonable bounds. Based on that decision on our part we are taking the position that with present prices we cannot afford to consider any change whatever in wages, and I think we know what our prices are going to be. It is impossible for us to enter into any discussion whatever about advances in wages.

After that point and after we had advanced the price, I felt, myself, that the right decision had been made because I have here before me a letter sent to me by Mr. Hilton who had received it from District No. 6, United Steelworkers of America, 210 Lister Bldg., Hamilton, Canada, addressed to Mr. Hilton, a copy of which he sent me. It is dated April 2, 1946 in which it says:—

In view of the recent increase in the price of steel announced by the W.P. & T.B. the chief impediment to negotiations on wages and hours has been removed. In negotiations between representatives of the company and the United Steelworkers of America in January and February, the representatives of the company, Mr. Lott and Mr. Gillies were reluctant to make any decision regarding wages until the price of steel had been increased.

For this reason I am once again offering to you negotiations on those two important questions.

Yours very truly,

(Sgd.) L. SEFTON,
Representative.

Mr. Hilton sent me a copy of the letter sent in reply to this last letter:—

Your letter of April 2, addressed to Mr. Hilton, has come to my attention.

We are quite willing to discuss the matters with you at any time that is mutually convenient.

Yours very truly,

THE STEEL COMPANY OF CANADA, LIMITED,

(Sgd.) R. A. GILLIES,
Works Manager.

By Mr. Robinette:

Q. Mr. Gordon, there seems to be an impression in the committee from the evidence that has been obtained to date that it is your feeling that an increase above 10 cents an hour will affect the price level?—A. In answer to that question I do not think I can make a specific answer. I am not prepared to say in connection with the Steel company whether they can afford to pay 5, 10 or 15 cents an hour more. I can say this, however, that if we are going to face the adjustment of wages as indicated by the demands of labour, then we are all set and ready for a new scale of price adjustment, and whether we can hold it within control I do not know. Certainly, additional costs involved in these wage adjustments are apt to spread right through the economy, in my opinion, and may result in inflation in prices.

Q. Mr. Millard said that there must be control of prices and there must be wage control but complained of lack of co-ordination between the Wartime Prices and Trade Board and the control board which deals with wages, and he suggests that there should be closer co-ordination between these bodies.—A. I think it is quite impossible for the Wartime Prices and Trade Board to operate on a basis where it would be drawn into wage disputes or wage relations between labour and management. Our feeling is that price control in itself is quite a large job. It is important that I make the statement that the prices board was not set up with any thought in mind of establishing an ideal price structure. That is not our job. Our job was that in the fall of 1945 the general price level which had reached its level by its own momentum in a free market had reached a point under war conditions where very serious inflation was threatening. Therefore, the government said to us, take hold of the situation at this point and see what you can do to prevent further increases.

The CHAIRMAN: It being six o'clock I declare the committee adjourned until to-morrow morning at 11.30.

The committee adjourned at 6.00 o'clock p.m., to meet again to-morrow, Friday, July 26, 1946, at 11.30 o'clock a.m.

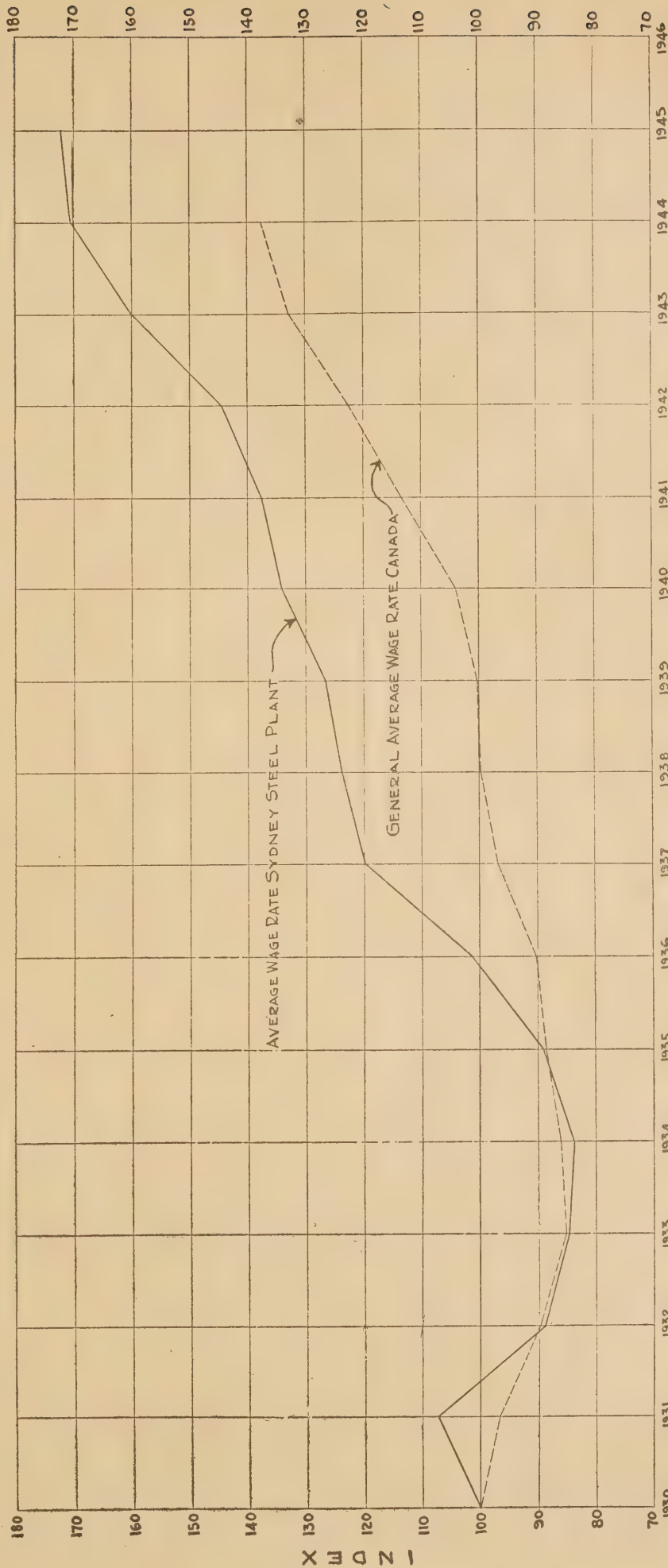
EXHIBIT No. 20, FILED BY MR. C. H. ANSON ON WEDNESDAY, JULY 24, 1946.

DOMINION STEEL & COAL CORPORATION LIMITED.

SYDNEY STEEL PLANT.

GENERAL AVERAGE WAGE RATE CANADA -----
INDEX-1930=100.
AVERAGE WAGE RATE SYDNEY STEEL PLANT -----
INDEX 1930=100.

CHART SHOWING RELATION BETWEEN WAGE INCREASES RECEIVED
BY SYDNEY STEEL PLANT EMPLOYEES AND WAGE
INCREASES OF AVERAGE CANADIAN MANUFACTURING
EMPLOYEE.



SOURCE: WAGES AND HOURS OF LABOR
REPORT 1943, DEPARTMENT OF
LABOR AND COMPANY RECORDS

EXHIBIT No. 21, FILED BY MR. C. H. ANSON ON WEDNESDAY, JULY 24, 1946.

DOMINION STEEL & COAL CORPORATION, LIMITED.

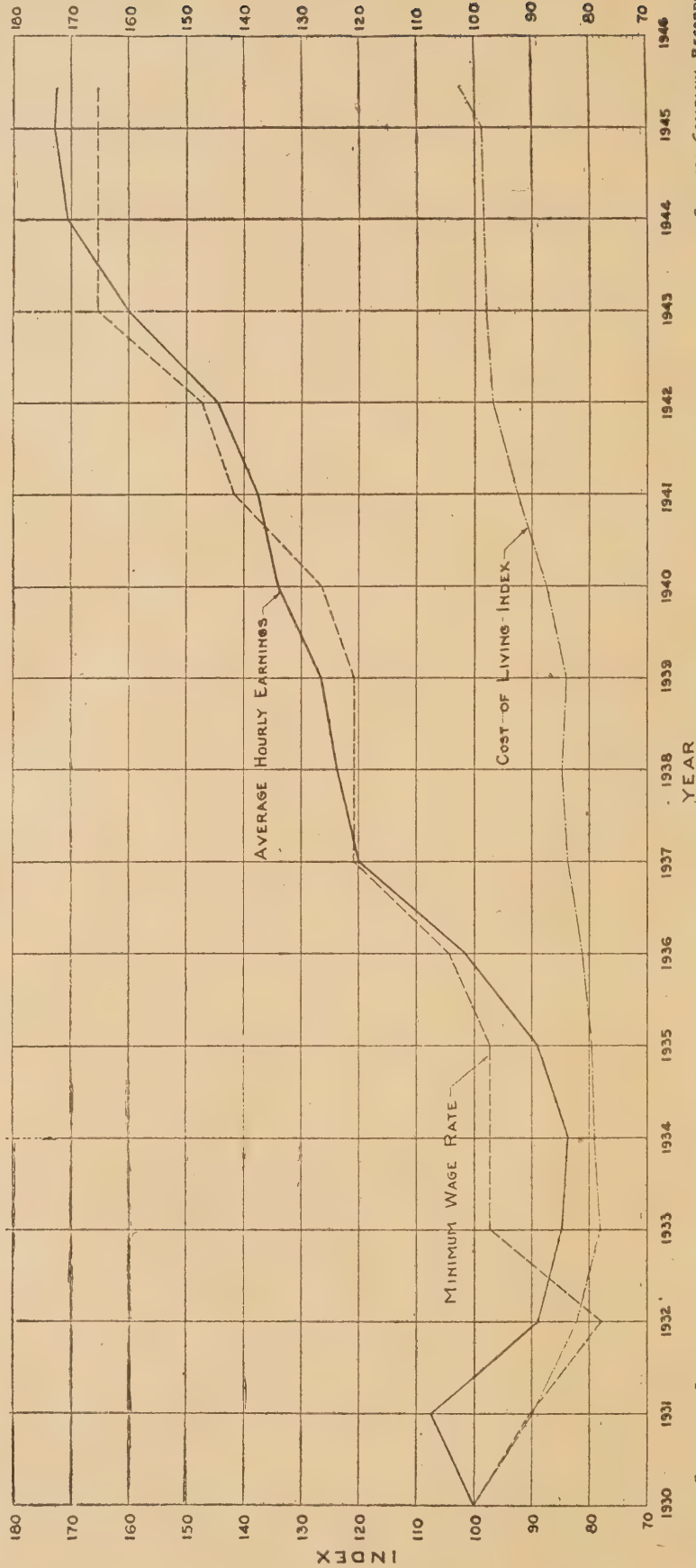
SYDNEY STEEL PLANT

CHART SHOWING RELATIONSHIP BETWEEN "MINIMUM
BASE HOURLY WAGE RATE", "AVERAGE HOURLY
EARNINGS PER YEAR OF SYDNEY STEEL PLANT
EMPLOYEES AND COST OF LIVING INDEX.

MINIMUM WAGE RATE -----
AVERAGE HOURLY EARNINGS -----
D.B.S. COST OF LIVING INDEX -----
ALL INDICES - 1930 = 100

1930	MINIMUM WAGE RATE	AVERAGE HOURLY EARNINGS	D.B.S. COST OF LIVING INDEX
31	0.360	0.4368	100.0
32	.325	.4711	109.1
33	.280	.3839	90.1
34	.350	.3718	82.0
35	.350	.3676	78.1
36	.375	.3907	79.1
37	.435	.4449	96.2
38	.435	.5263	98.1
39	.435	.5431	81.2
40	.510	.5549	83.8
41	.510	.5885	101.2
42	.550	.6032	102.2
43	.595	.6339	84.6
44	.595	.7022	87.4
45	.595	.7583	105.6
46	.595	.7569	131.5
			96.9
			98.0
			118.4
			119.5
			123.6

(5 Mos.)



INDUSTRIAL RELATIONS DEPARTMENT,
SYDNEY STEEL PLANT,
JULY, 1946

SOURCE: COMPANY RECORDS AND
LABOUR GAZETTE.

Gov. Doc
Can
Com
I

SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

FRIDAY, JULY 26, 1946

WITNESSES:

Mr. Donald Gordon, Chairman, Wartime Prices and Trade Board, Ottawa, Ont.;

Mr. C. H. Millard, Canadian National Director, United Steel Workers of America.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1946



MINUTES OF PROCEEDINGS

FRIDAY, 26th July, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Cote (*Verdun*), Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Gingles, Homuth, Howe, Johnston, Lalonde, Lapalme, Maybank, Merritt, MacInnis, Mitchell, Moore, Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lief, Committee Counsel.

Mr. Donald Gordon was recalled and questioned.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Black (*Cumberland*), Blackmore, Case, Cote (*Verdun*), Croll, Dechene, Gillis, Gibson (*Comox-Alberni*), Gingles, Howe, Johnston, Lalonde, Maybank, Merritt, MacInnis, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lief, Committee Counsel.

Mr. Donald Gordon was recalled and questioned.

The Vice-Chairman, Mr. Maybank, took the Chair.

Mr. Gordon stood aside.

Mr. C. H. Millard was recalled. He extended an invitation to the Committee to visit the strike-bound steel plants over the week-end. It was decided that time did not permit of arrangements being made, but that consideration would be given to such a visit at a later date.

Mr. Millard retired.

Mr. Gordon was recalled and further examined.

The Committee adjourned at 6.00 o'clock p.m., until Monday, July 29, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 26, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 a.m.
The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: The meeting will come to order, gentlemen.

Donald Gordon, Wartime Prices and Trade Board, recalled:

By Mr. Robinette:

Q. Mr. Gordon, I would like for just a moment or so to go over some of the evidence given by Mr. Hilton concerning the \$5.00 increase per ton of steel. I propose to ask you whether or not Mr. Hilton's statements were accurate, to your knowledge. At page 131 of Volume 3 of the minutes of proceedings of this committee, I put this question to Mr. Hilton:—

Q. There has been some suggestion, during the course of the discussions before the committee, that when the increase of \$5.00 a ton in the price of steel was approved, there was some understanding that a part of that was to include increased labour costs. Can you help the committee by saying on what your understanding of the situation was based as far as the working men getting some part of the increased price of steel was concerned?—A. I can say this to you that when the price increase was granted April 1 of this year, the character of our business had changed since the end of the war. Our manufacturing profits were declining very rapidly. We went to the Wartime Prices and Trade Board and gave them endless information of our situation, and we told them that that was the condition, that the cost of steel would have to be increased and probably included in there, there would be something for labour—we did not know how much—and that unless we got more money, we would not be able to cope with those things.

As far as that goes, is that accurate, to your knowledge?—A. That is correct.

Q. Then Mr. Croll asked for the submission to the board and put a question. He says:—

You see it is important, Mr. Hilton. A controversy hangs on that particular point, to some extent, and Mr. Millard has made some statements and you have made some statements which seem to contradict one another. I think this committee is interested in obtaining that submission.

Mr. Hilton answers:—

Would this answer your question? Last year we worked approximately 22,000,000 hours in our company. The union demanded roughly 20 cents an hour. That would be \$4,000,000. The net increase would be about \$5,000,000 for our company. I said in my statement there that wages advanced since the outbreak of the war had already come to \$8,300,000, I think, was the figure.

Mr. Croll continues:—

But the union yesterday said it would be approximately \$2,500,000. I asked them that question.—A. I can explain that; \$2,500,000 would apply to the Hamilton works.

That is elaborated on by a question put by Mr. Smith, which appears at the bottom of the page.

Mr. Smith put this question:—

May I ask this question which I do not think will be confidential? In the representations which you made to the Wartime Prices and Trade Board when you received the \$5 per ton increase in price, was the share of that owing to the increased cost of labour indicated?—A. There was a guess at it.

Then continuing on the next page, Mr. Smith asks:—

Will you tell us what it was?—A. I think it was approximately \$2,500,000. Mr. Smith: Q. Now I have to get my pencil out to find out what that means.—A. For 22,000,000 hours it is about 11 cents an hour.

Does that accurately or inaccurately set out your understanding of the situation in so far as the representations made to you by Stelco?—A. The figures given by Mr. Hilton are substantially correct, but in addition, we asked and received various estimates from the company as to what increases in wages at varying levels would mean in regard to the costs of the company. We had several estimates before us.

Q. You had several estimates before you; several estimates from the company, do you mean?—A. We asked the company to give us an estimate of what increased wages would cost in the cost data at various levels.

Q. When you are speaking of increased wages, do you mean wages to be increased in the future, or to cover the increase of wages that had already been raised?—A. No, we were referring to increased wage rates that might take place in the future.

Q. You were dealing with the future?—A. Yes.

Q. What you say is that the figures given by Mr. Hilton in his testimony is substantially accurate?—A. Yes.

Q. While I have this particular volume before me, on page 133 Mr. MacInnis asked two or three questions, and I should like your views on these questions.

Mr. MacInnis: Q. The question I was going to ask is this. In the negotiations for the price increase in steel, did the three companies negotiate with the Wartime Prices and Trade Board together?—A. No, sir.

Is that correct?—A. That is correct.

Q. And then Mr. MacInnis says:

Q. But the three companies got the same increase in the basic price.

Mr. Hilton's answer was:

That is a fact. They got the same unit price that they could charge if they so desired.

That is correct?—A. Yes.

Q. And finally Mr. MacInnis said:

Q. From that point of view it could be assumed that the Wartime Prices and Trade Board considered that there was something in common between the companies?—A. Well, how the Wartime Prices and Trade Board arrived at their decision I cannot say.

Let me put Mr. MacInnis' question to you; in considering the increase in the basic price of steel were the three companies treated uniformly so far as

price increase is concerned?—A. The effect of the board order is to give an increase on the various items mentioned therein to each one of the companies.

Q. So they were dealt with uniformly?—A. I want to make this clear. When we refer to price increases, we are referring to the maximum legal price. There is no compulsion on any one of the companies to actually raise prices. There was no order of the board which said they must raise their prices. We merely set the maximum price.

Q. That would be the highest price?—A. The highest permissible price.

By Mr. Croll:

Q. Is it usual for a company not to take advantage of that?—A. Yes, there are places where the price is well below the maximum legal price.

Q. In what field?—A. In the food field, for one. Particularly depending upon seasonal products in the food field, you will find often that the market price is lower than the maximum legal price.

By Mr. Robinette:

Q. May I turn to Mr. Millard's testimony, and I am now referring to page 33 of volume 1 of the minute proceedings of this committee, towards the bottom of page 33. Mr. Smith put a series of questions to the witness and he said:

I want to ask you one thing more. The \$5 advance in price was given to steel?—A. On April 1.

Q. Have you been able to find out from anyone what portion of that \$5 was labour's share?

Mr. Millard answers:

I would like to answer that fully. One week, I think it was, prior to April, we learned, almost by accident, from the Financial Post that there were in the making some representations, or some idea of price increases in the steel industry. We had a delegation composed of the secretary-treasurer, Pat Conroy of the Canada Labour Congress, and special representative Murray Cotterill wait upon the chairman of the Wartime Prices and Trade Board, Donald Gordon. They discussed the matter fully with Mr. Gordon as to the proposed price increases, and Mr. Gordon stated that it was the policy of the government, whom he represented, to de-control as fast as possible, and they did not want to be placed in the same position as the government of the United States, and that it was their intention to give a price increase to the steel manufacturers of Canada, and Mr. Gordon told our representatives that there was some wage increase included in the price increase. Mr. Gordon declined, however, to state what that wage increase was. He said that the price increase was based on full production and some wage increases were provided for. He told our representatives, mentioning the president of one of the corporations, Mr. Hilton, that in approaching Mr. Hilton and asking for wage increases that if he dared to say there was no wage increases included in the price increase that we were to tell him that he was a liar, and that Mr. Gordon said so. However, when we did approach Mr. Hilton, we were not able to meet him. We met the general manager of that corporation, and we were told that there was no wage increase, so far as he knew, in the price increase.

Would you care to say anything about the accuracy or inaccuracy of that statement?—A. My recollection of the interview with Mr. Cotterill and Mr. Conroy is that they wanted to come in and see me about the increase in the price of steel. I explained to them along the same line as I explained to the committee yesterday, the basis upon which the board proposed to act, and

pointed out that upon arriving at our decision we were taking into consideration a fair cost of all cost factors affecting the steel industry. I emphasized that included in these cost factors was a judgment as to what the wage bill of the industry would be, and that we had estimated that some adjustment of wages was likely to take place. I think that substantially answers the question. With respect to the reference to Mr. Hilton, I have no particular recollection of the term implied. All I had in mind was that I did say to the gentlemen in question that we, the board, reached its decision as to what the price increase would be and that Mr. Hilton well understood that with that price increase, he would then be in a position to negotiate with his men on the basis of some reasonable adjustment in wages, and you will remember the extract which I read to the committee yesterday confirms the fact that, in Mr. Hilton's own words, they were willing to negotiate.

By Mr. Gillis:

Q. When the steel companies approached you in respect to a price increase, did they give you any estimate of what wage increase would take place?—
A. No; what took place is this. We asked them to estimate the cost of wage increases at various levels. We did not ask them at any time to give us their judgment as to the level they could settle for. I said: let us have the estimates on wages being increased at 5 cents, 7½ cents or 10 cents or more. We want to know what they would cost you, and then we want to assess the probabilities. The industry at no time expressed the view to me as to what they could settle for.

Q. Have you any idea where this ten-cent increase formula came from?—
A. No, I do not know where the specific figures came from. I will say that the ten cents an hour increase was one of the figures used in the brief.

Q. By the steel company?—A. Yes, at our request.

By Mr. Blackmore:

Q. You received a brief?—A. Yes, and we asked the company to give us an estimate of what the cost would be of various adjustments in wages at various levels.

Q. But you did not mention ten cents?—A. We at no time told anybody as to what figure we selected in our judgment as the most likely point of settlement.

By Mr. Gillis:

Q. Were there other figures used?—A. Yes, quite a number; probably the seven or eight figures used.

Q. Were there any higher than ten cents?—A. I prefer not to go into the details of the figures used. We took a range of figures from 5 cents to 25 cents, I recall, so that we could take the extreme on both ends, so that we would not indicate to the company what we thought should be the figure. We deliberately did that so they would not know what the figure was.

Q. The reason I am interested is that I think it is one of the focal points. The Wartime Prices and Trade Board has been blamed as the chap that fixed this formula that 10 cents may be the point where inflation might start.

By Mr. Case:

Q. In fixing the \$5 price increase, did you use the brief in which they used the ten-cent formula?—A. In arriving at the \$5 increase, and as I said yesterday, the reference to the \$5 increase must be specifically kept in mind as merely a handy yardstick. It was not really a \$5 increase. The board does not refer to that. It refers to a range of individual products which, all gathered together, would

average out as about a \$5 increase per ingot ton of steel. There were two considerations we had in mind in arriving at that. The first was to look at the probable cost factors and to take the price submitted by the companies and subject them to a searching analysis and discount, if you will call it that, some of the cost increases they had estimated. I do not want to deny that some factors we thought were too pessimistic. We searched down in our mind as to what these cost factors would really be. We had in mind what the increase was that we could give in this industry right through to the fabricated products, secondary products and down to the manufactured products that would not impose such a strain as to completely upset the whole price structure. We tried to avoid getting in the position of blowing up the price ceiling, if I may use that term.

Q. You said they prepared their proposal at various price levels up to 25 cents. It must have been an important consideration as to what level they finally estimated in their brief. If it was the 25 cent level the basic price would be a great deal higher. I suggest, Mr. Chairman, that in arriving at an estimate you must have had a very high regard for whatever unit of cost was used in the brief?—A. That is perfectly correct, subject to this, that labour was not the only cost factor we had in mind. Therefore, in exercising our judgment we took a range of costs as they affect labour; a range of costs as they affect materials; a range of costs as they affect transportation, and a range of costs that affected other things and then considered in our mind the average price. We said that we could give that price as likely to be the range of the profit to the mills of the company, taking into consideration the volume. As I said before, we took what we thought represented the balance of probabilities, and if I were pressed, I could not say to you specifically that we selected a figure for wages. We selected a range as to where negotiations might take place, and then the companies were in a position that with this price increase before them, they would then be able to exercise their own judgment in regard to all costs, not only labour, but all the costs I have referred to. Then they would be in a position to exercise their judgment as to what wage settlement they could afford to make and still maintain their position of production, having in mind the competitive factors of foreign markets. While I am on that point, if I may have the permission of the committee, as half of my mind has been thinking on the question asked by Mr. Gillis in regard to the suggestion that the board has not taken a view as to the increase in wages, I want to make it clear that while I am not talking about the steel industry as to whether they can afford to pay 5 cents, 10 cents or any other amount, you will remember that I said at the end of the sittings of the committee yesterday that a wage increase of the magnitude suggested by the union is bound to have an effect of such character that I question very much if it is worthwhile for the Wartime Prices and Trade Board to struggle any further to maintain the price ceiling we have achieved.

By Mr. Maybank:

Q. I presume, Mr. Gordon, that you would settle on some figure that would be clearly inflationary such as 25 or 30 cents, or something like that with a view to seeing at once that there was a thoroughly dangerous figure in view of inflation?—A. I do not want to split hairs but I should like to qualify that a little, in regard to the statement that any increase in wages is inflationary. Any increase in cost is inflationary, as I said; inflationary in the sense that in increasing the cost you must increase the price. The point I am trying to establish is that there is some place where we can afford to take a chance on costs and still have a reasonable hope of maintaining the present price level. Beyond that spot you get into inflation as distinct from inflationary rising.

Q. What you are really doing is making a distinction between that which has a tendency and that which is so clear in its direction that it is a certainty. Isn't that about what you have said amounts to?—A. I think that is right, yes.

Q. A tendency may be created or developed by certain action, and yet there may be counterbalancing factors that will prevent the full effect of that tendency. So that in that sense you say increase is inflationary but you could certainly take a chance on like increased cost; and there probably will be offsetting factors which will result in that tendency not having developed into inflation?—A. It is very important to define these offsetting factors. If you could establish a position where you could have increased productivity while increasing your cost then it is perfectly alright to increase wages; if you can get your production stepped up, step by step.

Q. That would be one of those offsetting factors?—A. That is one of the very important offsetting factors.

Q. And I would think that was one of the most important probably.—A. In a sense, yes, because the factor which causes this inflation throughout stems directly from the continuing shortages of consumer goods in relation to this situation because of the purchasing power which we are now experiencing. I have never been of the opinion—classical economists may disagree with me—I have never been of the opinion that we need have much fear of any terrible inflation in this country as long as we have the quantity of goods which is on the market. So long as production is maintained and that large supply of goods is available, I do not think we need have much concern, but whenever the day comes that that production is lessened we will approach an inflationary danger.

Q. Now, Mr. Gordon, it has been said by Mr. Millard that whatever is done here is probably a pattern for other wage settlements. Have you taken that into consideration? Is that something with which you agree?—A. I feel that steel is one of the outstanding basic industries for the reason that its raw materials and its products go through almost every section of the economy; therefore, the effect of the price increase in steel is bound to affect the price of almost every other sector of our economy. Secondly, I am of the opinion that adjustment in the steel industry is bound to set a pattern for other industries.

Q. Yes. I see. Now, you say that you did not actually settle on some figure, in making the answer you made, which you expressed as being brought down to an average of \$5 a ton of ingots; but are you able from the data in the possession of the board at the moment to indicate some breaking spot at which it is fairly dangerous? For example, what would you say about a 25 cent increase; what would you say about a 19 cent increase; what would you say about a 15 cent increase? After all, you are here before the committee in the capacity of an expert on these matters and your opinion, whether it would be accepted by us or not, is nevertheless desirable. What comments would you have to make supposing it were clear that there were going to be a settlement at 19 cents? What would be the effect on the economy in such case?—A. Well, if the honourable member has done it the other way, has brought it in from 2, 5, to 10; I would say the result would be; going, going, gone, somewhere.

Q. Exactly. And what is that point that you describe as somewhere?—A. I do not think anybody could tell you.

Q. Have you any opinion on that?—A. The thing is too complicated for me to make a simple answer to that question because there are industries which probably under present day conditions could absorb X without difficulty in cost increase. There is certainly a great range of industries which in my judgment could not absorb any wage increase without a price increase, a great range of industries. And I may say here that in this particular case we are discussing the companies, particularly the steel company, are on record with us as being highly dissatisfied with the price increase which we granted them for the same reason that the profit result of that increase still leaves them

at a point where roughly speaking they are earning pre-war profit, notwithstanding the fact that the volume of sales has increased from two to two and a half times. And I am perfectly satisfied in my own mind, although I am making myself a hostage to fortune in saying this; I am perfectly satisfied in my own mind that even an increase of 10 cents would bring the steel company right back on my back looking for a price increase. Whether they get it or not is another point.

Q. Do you mean by that sentence to warn them away now and indicate to them they need not come?—A. No, no; for this reason; if they make another price application then we will have to re-examine it in the light of conditions that have happened since the last time to see if there have been factors which have changed the picture. But there is a basic point on which we have not reached agreement, a basic point on which the steel company in particular has reserved its position, and that is this; that the profit level left to them is desperately low in relation to the volume of business which they are doing and compared to pre-war.

Q. Let us be clear about this; you indicated a little while ago that if certain things happened, if certain increases are allowed, there would be no use trying to continue the system of control of prices, that at a certain point you might just as well close up was about the way you expressed it. Was that right?—A. That is correct.

Q. All right, Mr. Gordon; where is that point? Do you know?—A. I do not know where that point is, for this reason, that it depends on the event of a stability increase as to the volume of applications which the board will receive as the result and at one figure—at a high figure, there is going to be much more than at a lower figure—and it means that we will be deluged with applications, if the figure were high, to a point where administratively we could not tackle the problem. We just could not tackle it. We haven't got the staff and would likely not be able to find them; and we are going to have that volume of applications. And, moreover, every price that is granted becomes a cost increase for someone else and the thing pyramids all through the piece, so it is impossible. I am not hedging, I assure you; it is quite impossible for anyone to say honestly where the breaking point is. I have felt myself that we have been at the breaking point and passed it many a time, but we have carried on, we are still here, getting very tired.

Q. You have indicated this morning that the wage increase in this case, amounting to 10 cents across the board, is a danger, the breaking point?—A. If you press me I will answer that.

Q. I wish you would.—A. My opinion, for what it is worth, is that a 10 cent increase will put a pressure on the price ceiling which will be unbearable. I am not prepared to say that we cannot handle it, but I am very much afraid that it will be the beginning of the end.

Q. Will you describe what you mean by, "the beginning of the end"? What are the steps that would be expected at the beginning?—A. It is very similar to dropping a pebble into a pool. You start ripples and they continue. With a price increase of ten cents I know that all the price adjustments which we have made over the last six months, let us say, will have to be reopened, because in making this price adjustment perhaps some of the prices for industries for whom we have already made adjustments would be affected; farm implements, for example.

Q. I have heard about them.—A. I thought perhaps it might have come to your attention. It is perfectly obvious that when we made that price adjustment and other price adjustments that we held prices down to the absolute minimum. That was our job. Our judgment may not be always right, but certainly I have never heard any business men or manufacturers with whom we

have been in touch complaining that we have given them too large a price increase. Our price increases have been the absolute minimum on which we felt we could still persuade the production and processing people to carry on in the national interest. And I want to say this, that there are quite a number of people carrying on business today because they believe it is in the national interest, we have been able to persuade them to carry on in the national interest rather than just folding up which might be more to their advantage. All these price increases to which I have referred would, and every wage increase, mean reapplication to the prices board for price adjustments. That is the first step. And now, each one of these price increases in turn would mean others, because the price of this individual product—let me stick to farm implements as an example—if the price of farm implements must be increased again (incidentally we do not relish the prospect), but if we have to increase farm implements again you can be morally certain that agriculture is going to feel that their prices have to reflect some proportion of that increase.

Q. Do you think that there is any serious danger with respect to farm implements arising out of that \$5 across the boards with which we have been dealing?—A. We believe that question right now is settled that no adjustment for farm implements beyond what has already been made will be coming along. It might be different with some other industries.

Q. What about other industries?—A. You mean, as the result of this increase?

Q. Yes. —A. Well, it is difficult for me just to pick examples out of the air, I will probably miss the most important ones; but I am thinking now of the whole field of household appliances—irons, toasters, washing machines and things like that;—every one of those is made out of steel or its products.

Q. And they are affected by steel cost?—A. They are affected by steel cost. Remember, that by this order 607 of the Board, that when we increased the price of steel we had to follow through with an automatic adjustment in a great range of products, but we have some special items out for further consideration, as it were; that affected quite a number of items in the household appliances field, and we are struggling with those now.

Q. Mr. Gordon, you have said that you did not have anything to do with fixing or causing anybody else to fix 10 cents as being the increase of this industry, 10 cent increase in wages on the average, but from the manner in which you have been talking it would look as if you are almost declaring that that is as high as it could be. That is the way it strikes me and I wonder if you would care to comment on that?—A. No, I do not; on the contrary I do not want to give the assurance that 10 cents can be absorbed into the price structure. I don't want to give that assurance at all.

Q. Then the price structure has changed by that \$5?—A. No. I am thinking about from here on.

Q. Oh, yes.—A. That if a 10 cent wage increase, and if your assumption is right, if it forms a pattern for other increases or adjustments, then I am not at all sure as to the result. I would say this, that is a matter of judgment—judgment only—at 10 cents we still have a fighting chance of trying to prevent a whole series of price increases.

Mr. MAYBANK: I think that is all the questions I want to ask along that line anyway.

By Mr. MacInnis:

Q. There is a point involved there which I should like to have cleared up. When you mentioned the 10 cent increase in price you did not have in mind the steel industry in particular; I mean the 10 cents increase in wages, you did

not have in mind the steel industry in particular; you had in mind if that was carried out generally to other industries. Isn't that the point?—A. I had in mind both factors, that the increase in steel cost may quite largely have repercussions in prices for products which affect other people's costs. What I also had in mind was that if that is going to become the pattern all through the piece, then we are certainly going to have a very difficult time.

Q. Now, I have a very few questions which perhaps are not very useful. The prices board has removed the price ceiling on a number of commodities?—A. Well, again, that is not so flexible to an exact reply. What has been done recently as a matter of government policy is that we have produced an order which specifically states that what is now under the price ceiling and everything else is off. Now, in that order we have covered practically every essential of life that one can think of plus a good many other things, and what have been left out of the order has been the relatively unimportant things not in day to day use by the average housewife.

Q. I was going to ask you to name some of the items that were left off. In my opinion some of them are not unimportant. I notice in the stores, as I walk along Rideau Street, that there are a number of bargain sales in women's dresses and such things as that. What does that mean in the present picture, does it mean that the supply is catching up to the demand?—A. It varies considerably. I have observed myself that bargain sales are pretty much a thing of the past. Usually bargain sales today—and I must be very careful what I say here because I do not want to prejudice the shopkeepers in question—most bargain sales today are not arising out of the fact that supply has caught up to and exceeded demand. They arise out of the desire on the part of the shopkeepers to dispose of defective or spotted garments as they are getting off season, goods which the shopkeeper desires to get out of his store.

Q. In any case they are goods that are on the hands of the shopkeeper that he wants to get rid of?—A. That is right.

Q. And which are not moving fast enough in the ordinary way. So we can assume that the purchaser has much more choice today than he formerly did.—A. Not generally; that is not generally true. There are great areas of very acute shortages, but there are some places where we are beginning to catch up. For example, in certain lines of women's dresses the supply situation is not too bad; but with respect to the question of children's underwear, for example, a very acute shortage does exist.

Q. But in some cases you said you are catching up?—A. Yes.

Q. Now, then, providing there is no hold-up in production, or no serious hold-up, the catching up process will proceed at an accelerated pace, will it not?—A. It is pretty obvious, yes.

Q. Well, we will be shortly catching up in this respect; and there is more purchasing power in the hands of the general consumer than was the case in normal times.—A. No, there is a fundamental misconception there, if I may be permitted to say so.

Q. By all means, I would like your explanation.—A. In the first place, we could adjust demand and supply tomorrow morning on every article you can think of, merely by taking off the price ceiling. Then the price will adjust the supply and demand in the shortage factor. Your purchases will rise to a point where there won't be consumers. Therefore your demand will equate the supply. That is the very thing we are struggling to avoid now. With respect to your general proposition, as to purchasing power, as I attempted to explain a few minutes ago, if there is an abundance of goods sufficient to meet all possible consumer demand, at reasonable prices, then I do not worry about the amount of purchasing power available. The question is, having in mind the amount of

money you have in your pocket or in your bank account, how much are you willing to pay to satisfy your various needs? As long as you have that money, and the shortage is there, the risk is there that some people will pay it, and you get your inflationary spiral.

Q. I am not so much concerned with those who have money to spend as I am with those who won't have it when normal times come back again, as was quite well demonstrated in the past. During the depression years, they did not have the purchasing power. So you may say you are not so much concerned how much purchasing power there is in the hands of the people, but the people are concerned about how much purchasing power they have in their hands.—A. I am talking about purchasing power in the general economic sense; I did not mean to infer at all that I had no regard to the individual position in that respect. I was talking about the general situation. We have had a tremendous increase in the purchasing power of the country generally, and that tremendous increase of ready money pressing against this continuous shortage of goods is causing the inflationary situation which the government has said must be controlled by price control.

In respect to your general argument that the wage earner is entitled to have a purchasing power sufficient to maintain an adequate standard of living, I am in complete agreement.

Q. I am in favour of price control and wage control as well. Any one who has read the printed record will see that I have always said so. I do not think we can have one without having the other; but the situation when the wage controls were put into effect was a wartime economy where 50 per cent of the total production was not going into consumers markets at all, but was providing 100 per cent income that was available to buy the 50 per cent of goods that were going into the consumers' market. There then was a need, and a great danger of inflation; but now we have come back to the stage where 100 per cent of the production is there to make 100 per cent of the income. The danger is not nearly as great now as it was during the war.—A. I must completely disagree with you, with all deference. The fact is, as anybody knows, inflationary danger is as great, if not greater, today than we have ever had during the war for a combination of reasons. Our supply position in many, many fields—the Minister of Reconstruction and Supply will, I am sure, support me—our supply position is more difficult than it has ever been. That arises in large measure by reason of the failure of production due to strikes all across the country, particularly in the United States—because it affects Canada by the failure of supplies—and by the failure to get countries reorganized on the basis that we thought we could do it. I have a letter which I wrote to the Department of Labour about a week ago in which I outlined completely the disastrous effects of a stoppage of production in the field of textiles, chemicals, steel, and so forth. Some of the effects of those strikes are absolutely startling. They have unquestionably hit us in points where they are rapidly beginning to have the same economic sanction as the strikes.

By Mr. Robinette:

Q. Would you put that letter on the record?—A. It is a fairly lengthy letter, but if the committee wishes, I shall read it. This letter is dated July 16, 1946, and is addressed to Mr. Arthur MacNamara, Deputy Minister, Department of Labour. You will notice that the date of the letter is July 16, 1946, and the situation is much worse since then. The letter reads as follows:

THE WARTIME PRICES AND TRADE BOARD

OTTAWA, July 16, 1946.

Mr. ARTHUR MACNAMARA,
Deputy Minister,
Department of Labour,
Ottawa, Ont.

DEAR MR. MACNAMARA,—The existing strikes, plus those which appear likely to occur in the near future will have a crippling effect on a major portion of our domestic economy. In order to assess the probable damage to Canadian production I have arranged for the preparation of the attached schedules.

In my opinion the situation is extremely serious. The continued shortage of civilian products of practically all types at a time when an abundance of ready cash is available in the hands of the public is placing an unbearable burden on our entire price structure. This condition is further aggravated by the collapse of price control in the United States.

Any steps which can be taken by the Department of Labour to assist in terminating existing strikes as well as forestalling those which are imminent will be of immeasurable assistance to this Board in its task of restraining inflation within Canada.

Yours sincerely,

(Sgd.) D. GORDON
Chairman.

SCHEDULE "A"

STEEL

As a result of the United States steel and coal strikes, plus the enormous demand for steel in that country, imports of steel mill forms and steel products into Canada from the United States during the first six months of 1946 have dropped to 75 per cent of imports during the similar period in 1945.

The recent United States coal strike caused the Coal Controller to withdraw approximately 400,000 tons of coke from the coke production of Canadian steel mills in order to augment fuel supplies for domestic heating for the coming winter. This diversion will lower Canada's production of basic steel by at least 25 per cent.

Should the Steel Company of Canada, Dominion Steel and Coal Company and Algoma Steel Corporation be closed for any length of time as a result of strike action the impact on all Canadian industry will be equivalent to a general strike throughout the country. The chief effects would be as follows:—

(1) *Housing*

As no stockpiles of nails exist in Canada all housing construction will cease within two or three weeks. In addition the production of furnaces, bath tubs, sinks, soil pipe and many other items required in the completion of houses will terminate.

(2) *General Construction*

The shortage of nails, structural steel and reinforcing rod will eventually put an end to all construction of a commercial nature.

(3) *Foundries*

At the present time all foundries are operating on a hand to mouth basis with respect to pig iron. It is reasonably certain that supplies of this commodity will be exhausted in less than one month thus forcing the closure of all foundries.

(4) *Farm Implements*

Stockpiles of steel and pig iron in the inventories of farm implement manufacturers will be exhausted within a very short period of time. As modern farm machinery is fabricated for the most part from steel and iron all production will cease.

(5) *General*

Automobiles, capital equipment, office machinery and ships, in addition to innumerable other items, are dependent upon steel and iron for construction as well as maintenance. While in some instances inventories of sixty-day duration exist, for the most part production will stop in a much shorter period of time. Railroads are dependent upon a constant flow of iron and steel in various forms in order to operate. Failure to obtain pig iron and other products of steel mills will have a very serious effect on railroad operations.

SCHEDULE "B"

TEXTILES

Existing strikes at the following textile mills have brought about a serious loss in production of cotton textiles:—

- Dominion Textile Mills, Hochelaga, P.Q.
- Dominion Textile Mills, Merchants, P.Q.
- Dominion Textile Mills, Mount Royal, P.Q.
- Dominion Textile Mills, St. Ann's, P.Q.
- Montreal Cottons Ltd., Valleyfield, P.Q.

The effect of these strikes has made itself felt throughout virtually all fields of essential cotton goods, and will undoubtedly accentuate to a marked degree the already acute supply situation.

As an illustration of the specific effect of the strike on essential goods and fabrics the following facts will reveal the critical nature of production conditions:—

1. Domestic production of bags for Canada's vitally important food program will ultimately be reduced by as much as 36 per cent.
2. Production of drills and twills will be cut back by 60 per cent. These fabrics are used extensively in the manufacture of work clothing and for certain important industrial purposes.
3. Manufacture of fine yarn fabrics will be reduced by 94 per cent. Among various other uses of this fabric, men's suits will feel the effect.
4. Production of flannel and flannellette used extensively in the manufacture of babies' diapers as well as in hospitals will be cut 42 per cent.
5. Gray cotton (industrial) will be affected to the extent of 71 per cent.
6. Print cloth, used to a large extent for men's shirts which, as is known, is one of our most trying supply problems, will be affected by 12 per cent.

In addition to the foregoing, yarn production in all these mills is heavily affected and it is estimated that the supply of all yarns will be reduced by 17 per cent as long as the strikes continue.

SCHEDULE "C"

CAUSTIC SODA AND CHLORINE

The Windsor, Ontario, plant of Canadian Industries Limited, which is closed by strike action, produces approximately 50 per cent of Canada's caustic soda. The effect of this strike on Canadian industry can best be demonstrated by the following table which sets forth the chief users of caustic soda together with monthly and annual requirements of each industry:—

	CONSUMPTION, 1945		Consumption
	Full Year	Average per month	per month, basis current quota
	tons	tons	tons
Soap Manufacturers	12,468	1,039	970
Rayon Manufacture	7,383	615	589
Pulp Manufacture	12,609	1,051	1,400
Oil Refining	3,036	253	320
Metallurgy (excl. steel)	7,680	640	330
Packagers & Blenders	2,965	247	266
Cellophane	1,858	155	175
Javel Water Manufacture	2,110	176	145
Textiles	2,757	230	220
Steel Manufacturers	615	51	48
Chemical Manufacturers—			
Welland Chemical Co.	71	6	7
Dominion Tar & Chemical Co.	216	18	7
Alberta Nitrogen Co.	43	4	4
Electric Reduction Co.	685	57	40
Merck & Co.	125	10	8
Montreal Coke & Mfg. Co.	46	4	8
National Silicates Ltd.	85	7	13
Naugatuck Chemicals Ltd.	58	5	5
Polymer Corporation	1,040	87	78
Shawinigan Chemicals Ltd.	256	21	13
C-I-L, Sodium Silicate	155	13	15
Miscellaneous	1,579	132	120
Jobbers	3,147	262	235
C-I-L Warehouses	2,650	221	200
Totals	63,637	5,304	5,216

Production available from Cornwall and Shawinigan Falls 3,100 tons—60 per cent of demand.

As a result of the strike at Windsor, Ontario, it has been necessary for the Administrator of Chemicals to ration the above noted industries on a basis of 50 per cent of their requirements of caustic soda.

SCHEDULE "D"

ANACONDA AMERICAN BRASS CO.—NEW TORONTO

Anaconda American Brass Company at New Toronto, Ontario, is Canada's only brass mill. Its position in the field of brass and copper parallels the combined steel and iron production of all the steel mills. The strike which commenced about two months ago has resulted in a loss of approximately 12,000,000 pounds of brass and copper in the form of bar, rod, sheet, strip, wire, pipe, tube and extrusions.

Inventories in the hands of jobbers and wholesalers were immediately frozen by the Administrator of Non-ferrous Metals in order to protect essential consumers. These stocks total less than a small fraction of one month's production by Anaconda. Although applications by users are rigidly screened, the stockpile will cease to exist in the near future.

The following materials are at present in Anaconda's New Toronto plant:—

Copper water tube and brass pipe, packed for shipment	17,000	pounds
Miscellaneous tube and pipe	35,000	"
Brass rod	300,000	"
Cold rolled copper sheet	113,000	"
Hot rolled copper sheet	26,000	"
Miscellaneous strip	11,000	"
Copper sheet, packed for shipment	12,000	"
Total	514,000	"

I should also say that we have made strenuous efforts to obtain this inventory through the union, but have been refused.

It is recommended that some immediate action be taken to secure this material and place it under the jurisdiction of the Administrator of Non-ferrous Metals. While the amount is relatively insignificant, its acquisition will be of considerable assistance in maintaining the production of essential end products such as plumbing fixtures, refrigeration units, electrical fixtures and oil burners, as well as many other items of considerable importance.

It should be emphasized that the continuation of this strike will have a disastrous effect on the housing programme as well as many lines of production. Every effort should be made to see that this strike is terminated as quickly as possible.

SCHEDULE "E"

SODA ASH

Information has been received from Mr. R. Berry, Associate Administrator of Chemicals, that a strike is apt to occur in the plant of the Brunner Mond Company at Amherstburg, Ontario. As you are probably aware, this plant is owned by Canadian Industries Limited.

Mr. CROLL: It has occurred.

The WITNESS: It has occurred since this memorandum was prepared.

The effect of this strike can best be demonstrated by the following letter from Mr. Berry to Mr. F. K. Ashbaugh, Co-ordinator, Capital Equipment and Durable Goods:—

Confirming our telephone conversation of this morning regarding the possibility of a strike at the Brunner Mond Company at Amherstburg, Ontario. This, as you know, is the only Soda Ash manufacturing plant in Canada, and, due to the shortage in the United States and the United Kingdom, it is very doubtful if any supplies could be obtained from either of these countries.

It is not definite yet that this plant is going on strike, but if they do the following is a list of companies that will be affected:—

- Dominion Glass Company,
- Consumers Glass Company,
- Industrial Glass Company,
- Brompton Pulp and Paper Company,
- Noranda Mines,
- Deloro Smelting and Refining Company,
- Eldorado Gold Mines Limited,
- Electric Reduction Company,
- Hinde & Dauch Paper Company,
- International Nickel,
- National Silicates.

Most of the above will close probably within two weeks and the following list of companies would be seriously affected:—

Aluminum Company,
Howard Smith Paper Company,
Procter & Gamble,
Lever Bros.,
North American Cyanamid,

and a number of smaller users.

The above list will give you some idea of the seriousness of the effect that it will have on general industry. For instance, if a glass company is closed down this would affect window glass from Industrial Glass and bottles from the other two glass companies, which, as you know are used for numberless industries, including food and beer.

If we hear of any further developments in regard to the strike, we will advise you immediately.

(Since the preparation of the attached brief information has reached this Board to the effect that the strike in the Brunner Mond Company at Amherstburg, Ontario, occurred on July 12.)

I should say in connection with soda ash, that we already have before us a very serious letter from the National Dairy Council of Canada in which they point out that in a very short time our milk bottle situation in Canada will create very dangerous conditions.

Since that time I have had this memorandum sent over to me. These are telegrams to the effect that the acute salt shortage arising out of the C.I.L. strike at Windsor is going to have a very serious effect very shortly on the meat-packing plants, and looking this over hastily, we are trying to find out just what the effect is. From the report we have here it is quite clear that in a very short time the shortage of salt will have a serious effect on the meat-packing plants.

By Mr. MacInnis:

Q. I have one or more questions to ask. Before I ask these questions, for myself I would like to say that this committee has been worth while if no further information is to be brought before the people of Canada than is contained in that letter by the Wartime Prices and Trade Board to the Department of Labour. My next question is: Considering the serious situation would it not be of less harm to the economy of this country if some attempt was made to stating a less demand that would be acceptable rather than keeping the industries closed up? What I want to say is that from the statement just read this situation could not be any worse, I think, by refusing increases and having the industry disrupted. Would it not be better to find the very limit at which the industry could be started?—A. I had understood that offers were being made to settle the strikes.

Q. Would it not be better to try to settle these disputes at something near the demands the workers are making than to keep the plants closed up?—A. That is the question, that regardless of the national inflationary possibility, we should meet our demands and take our chances on inflation. I still regard inflationary potentialities will be disastrous to the real interests of the workers. May I add this, that in the field of production generally, it is not realized, perhaps, that the Wartime Prices and Trade Board is covering the manufacturing of essential goods. We have forced manufacturers in regard to many lines to produce goods which we think must be produced to meet the minimum needs of the people. We have had manufacturers tell us that they would not produce thus and so, because they would prefer to produce other lines at higher profit margin, we have prevented them from doing that.

By Mr. Smith:

Q. As I understand the import of your very serious letters, we will in a matter of weeks have the effect of a general strike throughout Canada. Looking at the other side of the picture, there will be general dissatisfaction throughout the country. That is the other side of the picture. Now, are you in a position, with the assistance of your department, to find a figure, let us say a percentage figure, that you think the economy of the country will stand?—A. We are really going back to the point we were discussing a little earlier. The real situation, when you refer to any rise, is estimated that in an inflationary atmosphere everyone is in a position to exercise their bargaining power to try to find out what the traffic will bear. We prevent the manufacturers from charging what the traffic might bear. All concerned must make a contribution to restrain in this from taking advantage of it. When you ask me to name a figure, my reply is this; that we already have had wages increased in this country up to date which are placing an almost unbearable burden to try to maintain price control. Figures show that the average wage increase has been over 40 per cent. If we add something over that, obviously it is a cost and how many more straws will break the camel's back? I cannot answer that; only the camel can answer that. The essential point from an economical point of view is this. We have had wage increases of 40 per cent. If that had been offset by productivity we would not be worrying about inflation. The question you must ask yourself is whether you can put anything on top of that, and if you add 20 per cent on top of that and where you then can argue that labour productivity has increased to 168 per cent, then there is no danger. Personally I have had no evidence of that.

Q. Let us take the steel industry first, by itself. Mr. Hilton told this committee in effect that in that \$5 a ton price increase in steel there was 10 cents for labour, 11 cents overall including salaried workers, and that there was and could be paid in his particular business that 10-cent increase to labour. There would be no price rise there in the price of steel.—A. Did he make that statement? Did he say there would be no price rise? If so, I would like the evidence because I am going to need it.

By Mr. Johnston:

Q. Other than \$5?—A. I would be very surprised if Mr. Hilton gave that evidence.

MR. SMITH: He did, in fact make that statement.

HON. MR. MITCHELL: If you look at the record I believe he used some words on the end of the statement.

MR. SMITH: It is confirmed by Mr. Maybank and Mr. Skey.

MR. MAYBANK: May I say that I agree with Mr. Smith. He spoke of \$5,000,000, \$2,500,000 being for labour. An increase in the price of steel of \$5 a ton would take care of the 10 cents an hour increase in wages and no additional would be necessary. That is about the way it struck me, too.

THE WITNESS: The point I wanted to bring before the committee is that we still have before the Wartime Prices and Trade Board very definite protests that even at present levels, if there is no wage increase, that even \$5 a ton increase, as it is called, has produced a profit position of the company which is not reasonable in the light of the volume. We have rejected that.

MR. MAYBANK: You have assigned \$2,500,000 to labour?

By Mr. Smith:

Q. I fully realize your position that if that becomes a pattern and spreads, I can see the difficulties you may be in many, many other industries. In so far as steel is concerned, that is the situation with Mr. Hilton's company. At least,

that is my understanding of the situation. Going back to prices again, you told us that after all if a man had a certain amount of money in his pocket, that some people would pay these higher prices, but there always comes the point where people won't pay them?—A. I would expect so.

Q. And then the next step is that if there is any price adjustment to labour, people will pay? That is also quite true, is it not?—A. Yes.

Q. I suppose your difficulty is this, you put air pressure into that balloon and at a certain point it will burst, and that is the danger of inflation that you have in mind?—A. Yes.

Q. Now, let me be a little more precise, give us the point at which you think that burst might come? That is all I have to ask.—A. If we are to proceed by analogy I would rather talk of a subject on which I am a little more familiar, and perhaps some of the members may be too, and that is some men can stand a given amount of scotch whiskey and others can't; and there is some point a given amount of scotch whiskey will produce a headache and a hangover the next morning; but if I were asked to decide the amount of scotch whiskey around the table here which would produce a hangover I am afraid I would be a little astray here and there.

By Mr. Merritt:

Q. Mr. Gordon, I think you have said that in the steel industry you considered the price increase in the light of, or having in mind the whole economy of Canada, and having in mind the increase in steel might upset the application of the whole structure. Is that what you said?—A. I am sorry, I missed two or three words. Would you repeat your question?

Q. When you considered the price increase you could allow the steel company you considered the increase which you could allow having in mind the whole economy of the country and having in mind the particular effect of the increase in the whole price structure of the country? Is that it?—A. Yes. We had in mind the impact of the steel price increase on secondary industry using their products; and we tried to ask ourselves the question, on what point can we put the maximum increase on steel and retain a manageable situation beginning with the users of these products.

Q. Yes. Also, it is your opinion the price increase should precede wage increases always in negotiations? I think you said that too?—A. No, I did not say that. It does not apply in every case. There are endless variations to that theme. I would say that in this particular case it seemed to us appropriate as a basic industry that it would be better to put management in the position of knowing what they could expect to get for their product, and then, with that knowledge before them, they could in the light of their cost situation generally determine what they could afford to pay in increases for labour. Remember, I want to make this point and I have made it before, that we were under continuous and very exhaustive discussions with the steel industry long before this particular question of wage increases came up and as a matter of fact we had practically decided upon what the pattern of price increase in the steel industry would be when suddenly we realized that the wage factor was almost upon us.

Q. Well then, that principle that price increase should precede wage increases did apply particularly to this primary industry and I presume it would apply to most primary industries. Would it not?—A. I think as a matter of fact we gave the workers of this industry a special break because what our attitude has been up until quite recently, and has been stated publicly, our attitude has been, as it relates to the whole question of inflation, that we would not regard wage increases as a cost factor forcing price increases, and we said to each applicant there is machinery of government whereby you can go and have a hearing as to what your wage situation may be, through the Regional War Labour Board or the National War Labour Board, and you can go through them and have your

wage disputes aired there and if they find that your wages must be adjusted and the National War Labour Board confirms that finding, then we might then be permitted to take cognizance of the fact that your costs have increased. But we have been very sticky indeed about allowing wage increases as an increased cost factor in forcing price increases, so what we did in this particular case was done in an effort to forestall the strike that we are now discussing. We felt that if we held management in the position—as I read from my records here yesterday—but the union itself seems to recognize that what we have done was, if I recall the words, to remove the last impediment to negotiations. In any event, it was quite obvious to us that at the position they were then in they could not possibly even talk about wage increases, that they were just out of court, that they could not increase wages or anything if the companies were to survive.

Q. Also I think it is the policy of the Wartime Prices and Trade Board that companies must demonstrate financial need?—A. Correct.

Q. And that is often translated in the vernacular to mean they must accept a “squeeze” is it not?—A. Yes, that is correct.

Q. Would you not say this factor, particularly in respect to this dispute, did not set a maximum wage rate for the industry, but they did in effect and by indirection place a wage ceiling of an uncertain amount, an amount something like the wage increase which was granted to this industry?—A. It did this, that within the judgment of the management it did set a scale on which they could operate. In other words, they are in the position of knowing the fixed price of their products. They can reasonably estimate how much money they can make out of that. Then they could say to themselves, if we continue, if we regard it as reasonable to have a certain standard of profit, we could afford this wage increase; but if we think that particular figure of profit is too low or too high, then we could adjust wages accordingly.

Q. Yes.—A. But that is purely a matter of judgment in respect to the operating officials of the company.

Q. Yes, I quite understand. I am not suggesting that you set a wage ceiling, but I do say this, that there does come some point within the price structure which you and I cannot determine, where the process of collective bargaining ends because of the freedom of management to grant another wage increase and hike their prices disappears wholly. Isn't that correct?—A. Yes. I think that becomes a matter of judgment, that in their scale of costs the management might very well say rather than have production disrupted and labour relations upset we are prepared to shave our profits closer than we might normally do. But it is within their own judgment as to what that profit factor should be.

Q. But, of course, after that judgment has been applied to the situation then what I said holds good. There seems to be a point beyond which they cannot go.—A. Having in mind their duty to their shareholders and whatnot, yes.

Q. Yes. One complaint of the union in this matter, or as Mr. Millard said, one of the cardinal factors in the present dispute, was that free collective bargaining is limited by the process of wage control, and I think anyway we discuss that. That is the principle, is it not?—A. It is true that your collective bargaining is conditioned by the circumstances in which you find yourself; and, so long as we have a price ceiling policy, a stabilization policy, then the margin for bargaining is limited by the particular price ceiling because in our operations we, of course, insist that as a result of price control and price ceilings generally we are looking after the real interest of, we will be protecting the real money income of the worker.

Q. Oh, I understand that, yes. But the fact does remain that in the view of labour itself, stated here by Mr. Millard; and I think it would be quite obvious to you, as it is to me that their power of collective bargaining which

they value very much has been in some respects circumscribed. Isn't that so?—A. Yes. I am not sufficiently familiar with labour terms to know what you mean by collective bargaining.

Q. Free bargaining between labour and management.—A. It does cover many other things besides wages.

Q. I am only talking about it in respect to wages.—A. In respect to wages it is certainly true that where you have price control if they do not limit their demand in a way to correspond with the principles involved it would break down the price ceiling.

Q. You will admit, I think, that could lead to a certain amount of bad blood between management and labour which would not exist if we were fortunate enough to be able to have a settlement where there was no price control?—

A. I disagree with you completely in that difference. I think if you did not have your price control that when it came to negotiations between labour and management the inflationary rise in prices which would result would make a situation which would be far more bitter than what you could have to-day, and labour is bound to lose all it gained.

Q. You misunderstand me completely. I am simply saying this, that under the present system— —A. You were referring to bad blood, I thought.

Q. Yes, under the present system. And I assume that price control and wage control are entirely necessary. You will admit there is more field for bad blood between management and labour in collective bargaining than there would be in let us say the period before the war where prices and wages were in no way controlled?—A. Well, if you are putting it when we are not in an inflationary period, it seems to me that I would agree with you.

Q. That is right.—A. But in an inflationary time such as we are now in I completely disagree. And I think that from the resolutions and data that comes into our prices board that the great body of labour opinion in this country is wholly in favour of price control and recognizes that it is in their interest, that they are bound to lose under any other form of inflationary adjustment.

Q. That is not the question I put to you, as you understand. I was assuming a case in which there was no inflation.—A. If you change your question and say, in times that were not inflationary, I will agree with you.

The CHAIRMAN: Order, please. It is one o'clock.

Mr. MERRITT: I have just one more question.

The CHAIRMAN: A lot of other members may have questions, too.

By Mr. Merritt:

Q. There has been evidence given by the union that they feel that a 10 cent limit is being imposed. Whether they are right or wrong, they feel that their power of collective bargaining has been taken out; I want to ask you what you think of this adjustment, that rather than having the National War Labour Board or the Regional War Labour Board make their wage adjustments in line with the maintenance of the price structure of the country as published in P.C. 9384, what would you think of the suggestion that the Minister of the War Labour Board should be free to award any price increase which they may determine or which may be agreed upon between management and labour subject to a later veto by the Minister of Finance on the grounds that it would break the price structure? My suggestion there is that it would put it clearly within the basis of the national necessity and not leave it where it can be a matter of argument whether management is being too tough or not?—A. I think the suggestion is completely impractical. There could only be one price control authority, and as I understand your question you would institute another

body with authority to grant or adjust prices. I think administratively that is wholly impractical.

Q. That was not quite my question. At the present time you go before the Regional War Labour Board and you get your wage adjustment made. Is that not the case?—A. Yes.

Q. All I am suggesting is that the Regional War Labour Board should be able to grant a wage increase without regard to price control, and after that— —A. I thought you said price increase.

Q. And after that the Minister of Finance should have power to change or reduce such wage increase. What do you think of that?—I will answer that later.

The CHAIRMAN: Order, please. It is one o'clock. We will adjourn until 3.30 o'clock this afternoon.

The committee adjourned to resume again at 3.30 o'clock, p.m.

The committee resumed at 3.30 o'clock, p.m.

The CHAIRMAN: The committee will come to order, gentlemen.

Mr. CASE: Mr. Chairman, on a question of privilege, I refer to volume 3 of the minutes of the proceedings of this committee at page 111, where the following question was asked by myself: "You can imagine what would happen if that party was the principal party in Canada," which should read: "You can imagine what would happen if that party was the Communist party in Canada." As a matter of fact, I do not know who would determine what the principal party would be, unless it was the government, and I do not want to cast any reflections on the government.

By Mr. Merritt:

Q. May I ask Mr. Gordon a question in a slightly different way? I understand, Mr. Gordon, that part of the trouble this union is experiencing can be determined by, to what extent the demands of the union are opposed by the company and to what extent the government is opposing it with regard to the price structure? Therefore, having in mind that the regional war labour board must determine to-day what is just and reasonable within the present price structure in the way of wage increases, can you suggest any way in which the procedure in wage increases can be altered to preserve your power of holding the prices of wages in line, and, nevertheless, leaving the regional labour board free to determine the proposals only as between management and labour and not in regard to your job, which is the maintenance of the price structure?—A. I am afraid I cannot suggest a formula. It seems to me that the whole question becomes a question of fact. Conditions under the price ceiling is one thing they never had to contend with before. In pre-war days management was not necessarily held to a rigid line of prices, and the kind of judgment they had to exercise was how far the market would stand an increase in price. Under present day conditions they know definitely what the price is. It then becomes a matter of negotiation and a matter of judgment as to how far management is prepared to scale its products. I do not see how there is any way of altering that situation so long as we have a stabilization policy administered in Canada.

Q. Supposing the regional labour board were permitted to make its decision in what is just and reasonable in the price structure, and what is just and reasonable after hearing both parties, and then the Minister of Finance would

be advised, and there is the power of either veto of the decision or the adjustment of the decision in order to preserve the price structure. In that, it would seem to me, that both management and labour know definitely how they stood between themselves and would know how they stood with the price structure, and labour may be more willing to accept the situation if they knew they were doing it in the national interests, rather than having a doubt as to whether management was taking advantage of the government price policy to keep them down below what they might otherwise get?—A. I look at these things in a purely practical way, and I think the practical result of what you have suggested would be to transfer the dispute from the Minister of Labour to the Minister of Finance, and, furthermore, I see another disadvantage. We have always made it clear to any management of a business who are suggesting a price increase that it is their duty to resist any price increase. If we went into the formula you suggest, I would be fearful that management generally would be inclined to take advantage of that, and say, "We are going to keep in good relations with the men and let them have a raise in wages because we know that if we cannot maintain our price the Minister of Finance will come along and help us." I do not believe that that would eliminate the causes of disagreement or the actual, practical effect of disputes between management and labour.

Q. Do you believe it would be useful or advisable to amend your own regulations by permitting a certified bargaining agent to present a brief to you governing the wage problem in any industry at the time an application was coming to a head for a price increase?—A. There is nothing to prevent any person from submitting a brief to the board.

Q. Is that, and was that done in this case?—A. No, we never had a submission of the character you mention.

By Mr. Croll:

Q. Mr. Gordon, may I just say before I get down to the evidence, that the letter you read to Mr. McNamara painted a very dismal and frightening picture. As I understand you, you said the 10 cents an hour increase in the steel industry wages would have a dangerous inflationary tendency. Those were your words?—A. They are close enough.

Q. The question I put to you was: "Was it a fact that the \$5 increase in price of steel which the Wartime Prices and Trade Board authorized had in it a portion for the increase of wages?" That is correct, is it?—A. I do not want to be in the position of stating that there was any part of that increase specifically allocated to wage increases.

Q. You told us that in the brief presented to you that you had wage increases of 5, 10, 15, 20 and 25 cents?—A. Yes, various estimates were presented.

Q. You did pick some estimate?—A. It is a very difficult point. The situation is this, that we were dealing with an industry and it was perfectly clear to us that in our examination of the price factors which, let us say, the Steel Company of Canada could absorb could not be absorbed by Dosco. Conditions were completely dissimilar, and after we had looked over the whole picture of costs in the whole industry, and after we had made certain assumptions as to the likely course of events, we arrived at a figure which we felt could be kept within the manageable limits in regard to the resultant price increase.

Q. And that was \$5 a ton?—A. It was the equivalent of \$5 per ingot ton.

Q. And if I recall correctly, Mr. McMillan said his application was for \$7.40 per ingot ton. Do you recall that?—A. I was just checking my memory. To the best of my recollection we had the brief showing each specific request, but we did not get from any one company a flat figure.

Q. My recollection was that he said \$7.40?—A. I would not dispute that.

Q. Did any of the others ask for a larger increase? That is my point. For instance, did Dosco apply for a \$9.00 increase or did Stelco apply for a \$4.00 increase?—A. I am not in a position to answer that question. What happened was that the steel companies showed us, item by item, pages of it, as to what their increased costs represented in various specific items. The cost factors were quite different in regard to Dosco.

Q. At page 205 in volume 5, my question to Mr. Gordon was: "What amount did you allocate to the men?" His answer was:

We never allocated any definite amount in the way he did. We said to ourselves that in view of what was happening in the United States we anticipated we might be met with a demand of 15 percent. That was the maximum that might be involved, and that demand would really work out in our case to something a little under 12 cents based on our \$7.40 application but, as we received far less than that we felt, of course, that had its reflex action on the possibility of 12 cents and brought us back actually to something under 8 cents.

A. What company was this?

Q. The Algoma Steel Corporation. We were roughly using the term of \$5 and \$7.40. You say that that is not possible?—A. I would not dispute the figure.

Q. Have you, offhand, any idea as to how much of a payroll is reflected in the steel prices?—A. I would say the general average would be about one-third.

By Mr. Maybank:

Q. Do you mean that wages represent one-third of the cost?—A. No, the figure I mentioned is one-third of the selling price of the article.

By Mr. Croll:

Q. How much of the payroll is reflected in the steel price?

Hon. Mr. HOWE: That is shown in the latest report of the Steel Company of Canada. It shows that exact figure.

Mr. CROLL: You tell us, Mr. Howe.

Hon. Mr. HOWE: I do not remember.

By Mr. Croll:

Q. See if you agree with this? There was some talk in view of your statement about 10 cents being dangerously inflationary when you gave the increase in April. I just want to read you some evidence. I think it will help you to understand what we are trying to get at. About the middle of page 148:

Q. Yesterday you said you made a submission to the Wartime Prices and Trade Board, and there was a provision of 11 cents made there for wages, salaries and bonuses?—A. I would like to correct that. I said, as I recall it, that the figure I remember in that submission to cover a possible unknown wage advance was about \$2,500,000, and then I went on to say that we worked about 22,000,000 hours, but I did not include any salary hours.

Then at the bottom of page 131:

Q. May I ask the witness this question, which I do not think will be confidential? In the representations which you made to the Wartime Prices and Trade Board when you received the \$5 per ton increase in price, was the share of that owing to the increased cost of labour indicated?—A. There was a guess at it.

Q. Will you tell us what it was?—A. I think it was approximately \$2,500,000.

Q. Now I have to get my pencil out to find out what that means.—

A. For 22,000,000 hours it is about 11 cents an hour.

I think that clarifies what was, perhaps, misunderstood this morning. What I am getting at, Mr. Gordon, is that you see how important this cost is if you are right in what you say, and you are very convincing. I do not say that I agree with you. If the 10 cents an hour wage increase was not inflationary when you gave the \$5 increase in steel price in April, how can you call it inflationary at this stage of the game?—A. I want to be perfectly clear. It was inflationary at the time we gave it. There is a difference between something we gave as inflationary, and what would produce inflation. Before we had these recent wage increases at all, the pressure of costs upon the present price ceiling was already of a very difficult order. Therefore, any increase of costs on top of that made the burden more difficult, and it is a fact, as members of the committee will know, that over the line a few months ago they were having price increases forced by reason of the pressure all over the place. We have granted them. We have recognized these increases as industry turned over from war orders. What I have in mind, having regard to the existing pressure, is that if we put 10 cents more in the form of wages, it is doubtful as to whether we can manage the price ceiling. My judgment is that if it is held to some things under 10 cents that, perhaps, we have a fighting chance. I would not be prepared to assure the members of the committee of that from a marked price advance over the next year, but I do say, and I repeat, that if the increase is much more than that, then I think we are in an unmanageable situation.

Q. Do I understand that, for the present, we have a permitted inflation economy?—A. That is a way of expressing it. It is one form of expressing it.

What I am getting at is this, that we have the problem to solve somehow, and one party saying yes and the other party saying no will not solve it. I would like your views as to what is the limit of possibility. We have been able to control inflation up to this point. Is a little more good for us, and can we control it?—A. It becomes a matter of degree. I do not think anyone can say the precise limit at any time as to how far we can let these cost factors rise and still control a price increase.

Q. Are you not faced with this? One of the companies complained that the Canadian National Railway were on the verge of asking for higher rates. Someone has said that coke had increased in price, I think, 40 or 50 per cent. Someone said iron ore had increased in price. Everyone that came here said your increase was out-of-date. Adding to that the picture we have across the border which must influence us, as you said this morning, are you not bound to go a little farther?—A. You are asking me, as I understand it, to admit defeat.

Q. No, anything but that.—A. I would put it this way. We are struggling with the control of cost factors. If the cost factors are rising in foreign markets, we can control them. We can subsidize prices so long as the country is ready to stand the expense. I think the business of subsidies has pretty well run its course. To-day the real problem is a question of timing. As to the increases in the United States, is this a temporary situation or have they settled down to a cost war? Our advice to the board and to the government regarding the United States situation is that it is a temporary situation worth spending money for specific material coming from the United States. In regard to other costs, as I said before, if we keep on pyramiding, you are bound to get just so far. We have, over the last six or seven months since VJ day, adjusted a great number of costs. One is on farm implements. Then there have been many other price increases, which are in the process of adjustment by reason of our dealing with the fact that we switched over from wartime economy, and then we were faced with the fact that costs of production have become inflationary

during the war. We have tried to make these adjustments. If we have to start all over again that is where I question whether we have the capacity or the intelligence or the stamina to do it.

Q. I do not want you to get the impression that I, for one, or the country, as a matter of fact, think that price control is not essential or necessary. Let me go a little farther. Mr. Merritt asked a question. He asked if locals or congresses presented briefs from time to time. Can you recall a brief from the Canadian Congress of Labour on the economical angle?—A. Nothing that I would call a brief. There have been expressions of opinion from all over the country—resolutions passed by bodies. There has been nothing in the nature of an organized brief bringing out what might be called the workers' case in regard to wage increases.

Q. By the words "basic industry", what industries do you mean? You mean the steel industry?—A. Yes, I mean by basic industry, the industry whose products are the starting point for all sorts of secondary manufacture. I would say steel, certainly, base metals—tin, copper, lead, zinc, and so forth—lumbering.

Q. What about the construction industry?—A. I would not call it a basic industry. It uses products from a basic industry.

Q. The lumbering industry?—A. Yes.

Q. Shipbuilding?—A. Not to the same extent.

Q. Coal?—A. Certainly, and chemicals.

Hon. Mr. MITCHELL: Do not forget food. We cannot forget the farmer.

By Mr. Croll:

Q. Have you read the statement made by the Minister of Trade and Commerce in the House as to the new agreement for the price increase of wheat?—A. I have not read the statement, but I am aware of it.

Right Hon. Mr. HOWE: What is the price increase in wheat? We have been selling it at \$1.55 a bushel for a good many years.

By Mr. Croll:

Q. Getting back to basic industries, lumber is a basic industry. You do know that the lumber people in British Columbia received a 15 cents increase in wages?

Mr. SINCLAIR: Some of them did. Some only got 10 cents; those in the interior.

By Mr. Croll:

Q. Then, those on the coast received 15 cents an hour increase in wages. Have you any view on that?—A. Views with respect to what?

Q. With respect to the 15 cents an hour increase?—A. Yes, I think the result will definitely mean trouble for that industry.

Q. What do you mean?—A. It may be that certain sections of the industry, in view of the fact that they have an eager export market, may be able to stand those wage increases, but my personal opinion is that the cost factors in that industry have reached a point where, before very long, there is going to be a difficulty in selling their product.

Q. If we are going to take Mr. Howe's statement, an eager demand is likely to remain for five or six years?—A. Domestically.

Q. And externally?—A. That depends upon what they are able to do.

Q. The demand is great in the United States, and likely to remain for four or five years?—A. There may be other sources of supply by that time.

Q. It may level itself off in spite of being in what appears a dangerous position at the moment?—A. Well, I would not like to predict. It is a too uncertain world. It depends upon the material supply.

Q. You agreed with me a minute ago that there is a secondary construction industry, and a very important industry in our country?—A. Yes.

Q. It has aspects of being basic. The raise in the construction industry was from 10 to 13 cents. What effect do you think there is in that?—A. I do not think that is a good example. One only has to look at the price of an ordinary house to see to what extent inflation has run in the price of construction. The price of houses is not under a ceiling. If you take the nature of this—if; if, I say—this wage increase in British Columbia means a price increase in lumber, then we are in for an awful lot of trouble in the furniture industry, in the whole field of wooden containers, boxes of all kinds, all sorts of things made of wood. Wood is almost as basic as steel, and we have been trying to avoid giving an adjustment of price in respect to these things that I have mentioned already. If this wage increase can be demonstrated to us as having added to cost to a point where a price increase must be given then that price increase has the same sort of effect as any price increase at the basic level. It cuts right through the secondary industries where there are a lot of wood users, and so forth. When you increase the price of wooden containers you increase the price to everybody who has to ship goods. That is what you are up against.

Q. Certainly, I agree with you, but the point I was trying to make, Mr. Gordon; earlier in the day in answer to a question you said, I believe, that this would sort of form a pattern for the rest of the country. The assumption was that if it was ten cents across the board it would spread across the country and that was your problem?—A. Yes.

Q. Did it not occur to you that we have already had a pattern in industry which could be considered basic, that some pattern had been set. You do not agree with it, neither do we; but some pattern has been set.—A. I agree that the fifteen-cent increase in British Columbia has formed a pattern but I would hastily add to that that I would hope very fervently that it does not become a pattern for what is to be done across the country.

Q. But don't you see, that is exactly our problem? Don't you see that you have the whole crux of your problem right there?—A. I see that, but I don't mean that one mistake should mean that it should be made general.

Q. Now, the ten cents possibly may be a mistake, as you say the fifteen cents was a mistake, but we have to take into consideration its spread right across the whole country, even into the construction industry, the largest industry we have.—A. I come back to you on a basic point. I am not going to say what will result.

Q. I know you don't want to say that. I don't want you to. I want you to know this, that I have been one of your most consistent supporters in price control all along, and I think I am one of the few members who has given up five minutes of the time on the air to tell people just what a fine fellow you are and just what a fine job you are doing. I am just trying to get the picture, and I want you to give us your view in the matter.—A. I want to be as helpful as I can.

Q. You are.—A. I cannot in all honesty make a statement as to where the breaking point is. I may have to modify my first statement, that we had already reached the point with this general average increase in wages of 40 per cent which has taken place up to date—we had already reached the point where my job of maintaining the price ceiling is becoming almost intolerable, almost unendurable, almost at the breaking point. Of course, we didn't consider last fall a more flexible approach to the adjustment of prices wherever these prices had to be adjusted because of the fact that the cost factors had reached the point that without the support of war production they could no longer be endured. So we are at the point and past it where relief to many industries is necessary; therefore, it is perfectly obvious to me, and I do not care whether it is two cents or not, any addition to that cost factor is going to make the job

of holding present price levels that much more difficult, and every cent you add to it makes it more unmanageable.

Q. And it is quite possible that you may be able to carry, and see us through, see the country through, at fifteen cents; you may, or you may not?—

A. I would not think so. My considered judgment is—and perhaps you are at last getting me to say what you wanted me to say—my considered judgment is that if we can settle this wage dispute at something not over ten cents an hour, that personally I would be willing to try it; I would be willing to say as I have said before, there is still a fighting chance, it is worth while struggling with. I am not willing to say we would succeed. I would say we would try, the organization surrounding me would be able to go in there and try to do it; and I believe from my conversations with the government, that the government would be willing to try. After all, it is the government and this thing definitely cannot proceed unless it is government policy. That is the only thing that matters. It is not a matter of prices board, it is a matter of the government. If I were asked to advise the government if under ten cents or even ten cents was all right I would try to find something. In the case of anything substantially in excess of that it would be my duty to say to the government it is no use, if the workers of this country are determined to have their own way in this respect and do not recognize their real interest—and their real interest lies in the value of their money wages—then there is only one way for them to learn. And it would be dishonest, in my opinion, for me to go on and try to neutralize the effect of that action. I mean, it would be dishonest. I am willing to carry on where there is some chance of success, but not to fool people into feeling they have something that it is impossible to get for them.

Mr. CROLL: Thank you very much.

By Mr. Gillis:

Q. On this question of inflation, do you not consider in the condition of our economy now there is comparatively little danger of inflation; but I believe you did mention something about the inflationary effect of the fifteen-cent increase allowed in the British Columbia industry—do you think there would be any danger of inflation if production could be maintained at its normal level?—A. The immediate effect of strike action here and elsewhere has most certainly accentuated the shortage problem, and in that way has made the inflationary struggle immediately much more acute; but to the extent that that can be caught up when we get back into production then I think that will be overcome as production comes on to the market. Your question there, it seems to me, resolves itself into this, that we may have in a short time more difficulty in regard to the immediate inflationary pressure by reason of strikes, but if the wage increase does not get beyond the point I have just referred to, then over the longer term we will have less inflationary influence.

Q. The point I was trying to get at is this; when the government set the 15 cent pattern in British Columbia they had devised a wage pattern throughout the country and made that applicable to all industry seeking in justice it would have had the tendency of increasing production and therefore lessening the threat of inflation. Don't you think that they have added to your difficulties in that field by allowing industry to get into the position it is in now because of these strikes?—A. No, I do not think so. I think that if 15 cents wage pattern had been suddenly put into the economy we would have had to make some general price increase all across the field on such a basis that would have had a disastrous effect on the whole structure of government control. We could not have maintained price ceilings and injected into the cost structure an increase to that extent.

Q. Do you think that the taking off of all your controls as fast as you have been taking them has not accentuated your difficulties?—A. It depends

on what type of controls you mean. The controls that we have taken off of prices so far have not been of a character that have caused very large price increases. I was reviewing just yesterday the general effect of the taking off of price controls in the fields in which we have taken off controls and there has not been a marked price increase in those fields. And now, there are other controls affecting supply controls which if abandoned are going to affect certain types of production affecting economic supply. Now, we have taken those off pretty generally in order that business, industry and management can get on to the job of producing goods. I mean generally speaking good judgment has been exercised in dealing with that, but it may be in special cases it could have been a little better if we had maintained some of these specific controls.

Q. That is what I had in mind, that you should have continued production on a basis of a planned economy with fixed prices; and my point there is that you discontinued that and handed the thing back to individuals who rather than being in a peacetime economy were still functioning on their what was essentially a war economy a condition of emergency, when you relaxed these controls. And now, I am asking you if you do not think that the taking off of these controls instead of continuing the sort of planned economy you operated during the war did not have the effect of developing the chaos which exists in industry at the present time?—A. I do not think I could admit that, no. Of course, if you are talking in terms of planned economy where all aspects of production are settled in a blueprint and where you can have everything meshed together in some theoretical pattern so that everything fits together perfectly, there might be something in it. I just say, in parenthesis, that I think that kind of planning is wholly and utterly impossible. However, as I say, that is an opinion. I do want to stress in connection with farm production controls that we only took them off that the supply situation was such that we had a reasonable expectation that private enterprise would produce the goods, and I do not think we have been very far astray in that respect; in fact, I would say we would have been absolutely right had it not been that other factors affecting production have seriously interfered with supply. I am now talking about the factor of strikes, not only in Canada; as a matter of fact, most of our troubles to date have arisen by reason of the strikes in the United States which have been on a much wider basis than many people realize, and in the whole field of British textiles our acute shortage difficulties arise completely out of this thing they refer to as labour reorientation, training from war effort to civilian effort and so on. So our supplies have been affected in that respect, and that plus the difficulties of getting raw materials which could not be foreseen, has been the root of the trouble in our case.

Q. In answering Mr. Croll you stated that in so far as the financial position of the industry is considered at the present time it might not be able to stand a 15 cent increase in wage rates, having in mind the export business. What you are worrying about there is not inflation, is it; because, if the export business does not fall off?—A. Yes. I do not think that I am talking specifically about inflation there except to this extent that I fear that example of 15 cent increase will mean that many cases of wage increases which have been settled before the British Columbia cases on a lesser basis, without strikes I may add, have been settled on negotiation and by all the other paraphernalia that goes into the settlement of these matters; and in a great number of cases these questions which have been accepted as reasonable settlements at a much lower figure will now be reopened; and if they are reopened and the workers are able to impose their demands then we will be faced with substantial price increases, if we can handle it at all.

Q. What I had in mind in the question was the steel industry, specifically perhaps steel, took the fifteen cent increase in wages, the steel company could take that increase in wages and not suffer much for a year. They anticipate then a falling off in their export business and then they would be in difficulties

if their export business fell off and they were paying that 15 cent increase. What I am getting at is there would be no danger of inflation if that were what happened. It would create deflation and unemployment.—A. It must be remembered that the lumber business in British Columbia is also producing lumber for the domestic market, and what I had in mind was this that while the 15 cent increase might be in itself sustained, the only way it could be maintained would be through a continuation of export both as to volume and price. I may tell you that that increase is being paid for out of the export price. The industry is very much worried about the export picture and they want the domestic price of lumber to bear its share of the increase. They say that to load it all on the export trade is unreasonable, and we have had deputation after deputation down here telling us in effect that we are crazy, that we have got to let the domestic price bear a more reasonable relation to the export price, that the whole thing is unsound. Under normal conditions I would agree that it is, but under conditions as they are at the present time and being charged with the responsibility of preventing domestic inflation, my job is to hold that price, and that is what we have to do. Now, to a certain extent, I am prepared to admit that what we are required to do is unfair. By that I mean, we are holding the domestic price for lumber and I say this was a great sense of responsibility, we have got to hold the domestic price of lumber at a reasonably low level in relation to cost of production for the simple reason that I believe they can still operate on the overall profit basis at a reasonable level or, to put it another way, the export business is subsidizing their domestic business.

By Mr. Archibald:

Q. You said that the 15 cent an hour wage increase would force operators to dump a greater portion of their production on the international market? —A. No. You see, there is another control in there. If the operators were free to do so they would send it to the export market, but they have to operate under the timber control which is under the jurisdiction of the Minister of Reconstruction and Supply, and the supply of lumber is allocated as between the export and domestic market. They are only allowed to ship a certain amount to the United States, a certain amount to the United Kingdom, and they must leave a certain amount for the domestic market. They are wise to do that, and the only way they can recoup themselves for this increase in price is to increase the amount of lumber they ship, or failing that to increase the price on the lumber they export. And, by reason of the limited amount they are allowed to ship that price increase will be pretty substantial and eventually will naturally cause a loss when it comes to a point where the export price drops.

Q. In the case of lumber on the east coast, they would have to get a very substantial increase on the international market inasmuch as the export quota has been cut from 65 per cent to 25 per cent, I think it is.—A. There has been a reduction in the amount allowed for export by reason of the domestic needs and by reason of the policy that domestic needs must be satisfied in regard to our housing program, etc. I am sorry that I haven't got with me the exact proportions which may be exported, but I would say the figure you gave would be approximately correct.

By Mr. Sinclair:

Q. These cuts, of course, apply only to the British Columbia timber industry. As I understand it the eastern industry is entirely for the domestic market and it has to bear the whole cost of production.—A. That has been alleged. The industry certainly claims that they have not got there the quota for export that they have in British Columbia. Then, too, the lumber industry in British Columbia is highly organized and we have been able to

get better facts and figures with respect to their operations than has been possible in the east. I would say that the eastern industry claims, and they are probably right, that we are forcing the sale of domestic lumber lower than cost.

Right Hon. Mr. HOWE: I might say as a matter of information that the heavy lumber operation in Canada volunteered to have it done that way.

Mr. SINCLAIR: In every part of Canada?

Right Hon. Mr. HOWE: I think so.

Mr. SINCLAIR: That is what I wanted to know. I quite agree the price of domestic lumber is below the market.

The WITNESS: Below what?

Mr. SINCLAIR: Below cost. And we in British Columbia, speaking in terms of British Columbia, think it is a most unhealthy situation.

The WITNESS: Quite so.

Mr. SINCLAIR: But our advice has been that in the east the price of domestic lumber is very, very high, \$80 a thousand as against \$26 thousand wholesale, approximately.

The WITNESS: One of the most fascinating experiences you could ever have would be to get a group of British Columbia lumbermen and a group of eastern lumbermen together and arguing as to who had been hurt most.

By Mr. Gillis:

Q. Do you not think at this time that there is a possibility in Canada of arranging the whole price structure to a point where you might do both, in order to stimulate production and give incentive to those who are concerned in production?—A. Thinking specifically along the lines I take your question to be, the general interest of the worker as I see it is in high employment, and the best guarantee for high employment is to keep our prices low, keep them as low as possible, both in our domestic market and competitively. One of the great things which we in Canada have achieved has been that we have come out of the war perhaps in better condition in that respect, with a combination of good record—good management—whichever you care to believe—but it is true Canadian economy has come out in better condition in that respect than almost any country I can think of; and we who are looking at the picture are hopeful that real stability can be achieved and the real interest of the worker be protected by maintaining a situation where the price levels are such that you can assure a long condition of suitable employment. Now then, if we let our costs increase now we are merely going to follow other countries in the matter of rising prices and we will lose that tentative advantage which we have achieved up to date.

Q. Would you explain this; you granted an increase on basic steel, the same amount to each company—\$5 per ingot ton.—A. Again, let me clarify: you have to look at order 617 before you really understand that there was no \$5 increase per ingot. There is no such thing. We gave a whole schedule of increases depending on the nature of the products which are all specified there and they range from \$4 a ton in some cases to as high as \$20. Now, that was depending on the nature of the product and was made general to the whole industry. The effect of that was however that when we increased the price of rails we knew that we were benefiting Dosco and not benefiting Stelco. We did it in that way, with that object specifically in mind, considering the products, and assessing the impact, the effect of each one of these increases in respect to the three companies in this industry.

Mr. CROLL: No. You did say, ingot tons—

The WITNESS: Yes, but that is a different kind of ingot.

Mr. CROLL: Is it?

The WITNESS: Yes.

By Mr. Gillis:

Q. I cannot understand why the \$5 a ton granted each company, as you point out yourself Stelco perhaps benefits to the greatest extent in the making of the award in that way, because they turn out a larger number of products. Algoma, listening to the evidence of the Algoma representative, have had some, but they point out that they were doing nothing there now practically except turning out coke.—A. Let me say this, and I do not want to get drawn into specific figures because they must be treated in confidence—but I think I can in a general way say that the increase applied to specific products in which the steel companies were interested, and that generally they benefited less than did the other companies. The reason for that was that in the case of Dosco for example, any increase that we could possibly have given them would have put them in a profit position that could not be considered in any way nearly comparable to Stelco. I can assure you that we did the best we could in trying to adjust prices where they would do the most good in regard to this type of company.

By Mr. Black:

Q. Why did you only allow \$4 increase for rails, one of the most important products at Dosco, when you fixed a rate of \$5 per ton of ingots?—A. Because rails are one thing on which a previous increase had been granted. Early in the war, in September 1942, if my memory serves me right, there was an increase—let me put it this way—that between September 1939 and 1942 there was a total increase of \$8 granted in connection with rails. And now, remember that I am talking about 1939 through 1942; price control did not come in until 1941. In the steel industry generally, however, there was a sort of informal price ceiling on the request of the Minister of Munitions and Supply. But in connection with rails that increase had already been granted so that you must consider the previous increases in relation to the one we have just made, which would bring it up to a total of \$12.

By Mr. Gillis:

Q. Do you believe, Mr. Gordon, in the field of salaries and wages generally we should have some rigid standard? Take the case of the steelworkers demand for a ten cent increase?—A. Well, I do not know how to answer that. I think that on balance the white collar worker has fared worse than the wage earner in the matter of percentage raises, and I think there is much more need for adjustment in that field than there is in the field of what might be called the working classes. That is the case by and large from my observation, because it is harder to deal with and perhaps also because generally people of that kind are not organized.

Q. What I had in mind is this, and I am not asking this question to be smart; do you consider the proposal now before the House of Commons to step up judges salaries by one-third inflationary?

Mr. CROLL: Or our own salaries by \$2,000. Let's get cutting, we are getting nowhere fast.

Mr. MACINNIS: By one half.

Mr. CROLL: I suggest, Mr. Chairman, that is an improper question.

Mr. GILLIS: I was asking Mr. Gordon a question.

The WITNESS: If you used the word "inflationary", the answer is yes; anything which adds to the purchasing power, anything which adds to the ability of the individual to buy is inflationary in effect so long as we are on a short supply of goods.

By Mr. Gillis:

Q. Does this have any bearing on the picture, that because they know the price the average worker who has any knowledge of the wage dispute reads that and he sees in that a justification for his stand. The reason I am asking that question is because it has a bearing on this dispute. The average workman reads of that in the press, and says that judges' salaries can be raised, but they refuse us.

Mr. CROLL: I think the judges have not had any increase in their salaries in 24 years, and it is about time they got something.

By Mr. Adamson:

Q. From your statement this morning it is apparent that there is a pincer attack on the Canadian economy caused by the paralysis by reason of strikes, and secondly, by the threat of strikes. I do not want to put any words in your mouth, but I would like you to comment on this. Has the continuation of strikes and the stoppage of work any accumulative effect on the Canadian economy, and will every day of this stoppage mean that there will be several days or several weeks at the other end of the line before normal production can be resumed? In other words, will a few days' stoppage mean that there will be two or more weeks before normal production can be resumed?—A. I am of the opinion that that is bound to be the case. I might add this that one of the difficulties in regard to the continuation of control that a good many people say when a strike is settled, "Thank God that is over." But it takes months and months to erase the effects of that stoppage and to get back into production. If some gentlemen, about, say, next December, find that you cannot get men's shirts, I am going to remind you that there was a strike.

Q. Even if production can be restored immediately, it would be a very considerable period of time, perhaps in the nature of a year, before the normal supply of goods now in short supply can be expected?—A. That is right. The stoppage of production is having an accumulative effect and is coming more and more every day to the time when we will have sufficient production that the inflationary threat concerning your economy is eliminated.

By Mr. MacInnis:

Q. May I ask Mr. Gordon a few questions? I do that in view of the fact that we all know that we are faced with a problem that we have to solve, and now I am going to try to see if Mr. Gordon can give us any assistance in solving that problem, instead of saying that it cannot be solved, with those workers on strike going back on a wage increase of 10 cents. Before he answers that I want to refer to the British Columbia pattern again because there is a psychological factor here. The workers in steel and in many other industries, depending upon what demands are made feel that they cannot accept less than the amount specified in the pattern in the lumber-workers union in British Columbia. Most of us would take the same position if we were in their places. If somebody else in a similar category of profession or trade got an increase in salary or wage, they would not want to accept anything else. Can you give any advice to this committee that would enable us to bring the parties together and settle this dispute without any additional expense with steelworkers receiving 10 cents an hour increase?—A. Let me put it this way. It seems to me that organized labour has to make up its mind whether it is in their long-running interests to have price control. It is perfectly obvious that the psychological factor is there, but if organized labour is not prepared to make its contribution to exercise restraint which the system of price stabilization demands from every interest in this country, then you will not have price control. If every person in this country

is in a position to exercise bargaining power, our agricultural people can do it. Our manufactures can do it, and labour can do it because unless you first determine that you have an interest in maintaining this price control policy and, perhaps, to exercise restraint, you will find that you have not looked at the problem. You have just mentioned that situation in British Columbia. Why should we not get it here? There must be a voluntary acceptance of the facts I mention, and every week I get in my office scores—yes, hundreds of resolutions from local unions all over this country stating, "We are with you on price control", and others say, "We don't like you. Give us this price increase." All of these people must recognize that they have to make their contribution to the preservation of this policy.

Q. In reply to Mr. Gillis you said that a certain thing could not be done unless we apply rigid controls and planned economy. Price control and rigid control has a certain amount of planned economy? It is modified planned economy?—A. It might belong to the theoretical side of planned control. Price control during the war does not enter into planned economy. They are both emergency methods. They do not represent the political philosophy of planned economy.

Q. This is economical philosophy, which is a different thing? It is important because it is not only labour that has been pressing on the price structure. Industry is also pressing on the price structure, and the first demand for the removal of controls came from big business? Is not that correct?—A. I do not know of any demand for the removal of price control.

Q. I do not know. I heard many attacks on the Wartime Prices and Trade Board?—A. That is a completely different thing.

Q. The attacks were that this government had put the business of the country in a strait-jacket. If that was not an attack on the price control system, I do not know what it was?—A. I thought I had been keeping abreast of my day to day reading, but I personally do not know of a group in this country having come out and said anything specifically about price control.

Q. Not with all price control; just the price control of the board?—A. That happened every day.

Q. If you take that all together, it is an attack on the price control system, or is it guerilla warfare?—A. There have been applications for wage increases steadily coming in that have not been granted and were refused. There have been price increases all through the peace.

Q. You are advocating price control as an emergency measure for a certain time until production catches up to income? Is not that correct?—A. Until production catches up to demand.

Q. There is no time when production catches up?—A. We can catch up to capacity demand.

Q. Then the workman will have his pay taken away?—A. No, I am speaking very frankly. I do not want you to think I am critical of labour. I am the most sympathetic man for labour in the country. I am more interested in labour matters than anyone. The trouble is here that you are seeing a situation where people are trying to take advantage—I do not say that offensively—of an immediate emergency situation to guard themselves against jobs and they are letting affairs in that respect dictate a policy on that. Surely there must come a time when we get past that. Canada has been extraordinarily lucky in coming through this terrible war in a healthier economical condition than any democratic country in the world. The real situation in labour lies in considering suitable implementation and to get your prices at a point where you can competitively sell your product against the other fellows.

Q. What happened to an individual creates his fears for the future, and you cannot get away from that? You cannot say that when supply catches up

with demand that wages are not reduced? Unemployment takes place and with a number on the unemployment roll, it is used to bring down wages? These workmen know that.—A. Let me remind you of this, that one of the reasons for our greatest depression started at the end of the last war where we let prices get out of control. It finally broke the markets and broke the prices and then it broke your unions. I agree that labour will take the first brunt of a collapse in an inflationary period. I do not agree with you when you take the line that production will come to the point where it will be over-production and cause unemployment. They will not produce for the fun of it. They must look for markets.

Q. If people will not produce for the fun of doing it, and if there is ample capital for production over and above what the market will take, and if there is capital to operate that, you obviously have to do one of two things. You have to increase the purchasing power of labour to take that supply from the market or you have to say there is a standard of living over which labour can never improve its position?—A. As I have seen the situation in the past, there has been a fundamental change in that respect and the workers' purchasing power is in a much better bracket now. You have your policies of family allowances and unemployment insurance, but the real protection of the workman lies in the question of employment. It is far better off for a man to be employed steadily at \$30 a week than to be employed sporodically at \$150 a week.

Q. If you cannot give him an assurance now that one and a half years from now he will be employed at the wage he is getting now, it is not much good?—A. I will give him this assurance. The best assurance he can get is that if we, in Canada, prevent inflationary prices, that is his guarantee. I do not think there is any absolute guarantee as to prices in the risks of our ordinary life. All the government can do is to produce an economical atmosphere, to remove what would cause unemployment and make his life as happy as we possibly can. In this particular policy, that is what we are aiming to do.

Q. You have said yourself that your policy is an emergency one; that it is not a permanent policy. It only maintains until such time as supply catches up with demand. Let me ask you a question as to competitive advantage? I agree with you that from the point of view that Canada, as a nation, for the moment, has done everything in maintaining that advantage, but that is a very narrow outlook. We have competitive advantage now because we came out of the war with your industry capital complete, and in a condition much better than it was when we went in. If we are selling into foreign markets, we have the advantage. However, some day they will have to pay us and they can only pay us by sending us goods, and they will have to lower the price of their goods in order to compete with us, and we will also have to lower our prices to compete with them?—A. I am at a considerable disadvantage in trying to cross swords with an expert debater. You are getting in the field of economic relations. I am not basing my argument for high employment solely on export markets. We have a much better chance of maintaining that essential home market than we did before.

Q. I would like to ask another question. I went through this experience and I know thousands of workmen that went through it, that while they were suffering the pangs of hunger and of nakedness, there was enough goods to supply their needs, and they could not get them. What assurance can you give the workmen that when the emergency is over that the same conditions will not apply again?—A. I would reply to that by turning that around. I would say that you cannot get that by raising wages to-day. I repeat that the workmen's best chance of continuous employment and getting his wages adjusted from time to time is to keep production going and keeping himself in a state of high employment, and he can get that by preventing an inflationary rise in prices in Canada. There are a great many economic factors that go into the cause of depression. The great

depression did not arise out of a few factors. You open a tremendous picture in that and you cannot solve that by the narrow question as to whether or not, in order to avoid an inflationary rise in prices that the workmen should grab for themselves whatever they can get. There have been institutes set up to cure another depression. We can only hope that we have learned something out of the mistakes of this war and of the last war. It is true that all legislation throughout the world, certainly in the democratic nations, has been aimed at that very thing to eliminate increase in costs that produce these depressions, and, perhaps, contain the seeds of war.

Q. I think I may have over-simplified it, but in production as we have it, the products of industry have to be consumed in either one of two ways. They have to be consumed as consumer's goods or as producer's goods. Is it not a fact that unemployment starts when they cannot be consumed in either of these two ways? What you would have to do, then, would be to increase the workers' share of the products of industry in the income in industry rather than the owner's share?—A. We are getting into quite a philosophical debate. I am not an economist. I say this to you, that when you talk about production along the lines you mention, you seem to assume that there is a sort of a limited consuming capacity in the country. There is not. As we produce more and more we, ourselves, are raising the standard of living because those goods become available at a price at which people can buy them. The average workman to-day, I say to you, has a better standard of living than at practically any time in this country. I can walk into a mining town, or I can walk over here in Hull and I see them dressed a little better than they ever have been. The standard of living is rising.

Q. It is because of the war. During 1930 to 1939 you certainly could walk over to Hull and see something then. You could walk anywhere and see it. We have this condition now because of the increased activity during the war and we are liable to lose that and go back to the conditions of 1939.—A. I put this to you that the reason you got it through the war was because we set objectives and the people worked to produce. If you can get some magic that will give the people some desire to produce and to avoid the quarrels and differences of opinion as to who gets this and who gets that, then you will have a productive system that will increase your standard of living.

The ACTING CHAIRMAN: I did not want to interrupt before, but I submit to you, Mr. MacInnis, that you are not generally asking questions. I submit also that you are going too far afield for the purposes of this committee. I do not want to be called upon to make any ruling on it, but I think you are getting into a field which can be described as irrelevant. Can you not bring your questions a little more directly to bear upon the point in issue?

Mr. MACINNIS: I assure you that if I have failed to bring my questions to bear on the point at issue, I did it unintentionally. I think, however, the points we were discussing is the real point of issue. I have one or two more questions to ask.

Hon. Mr. MITCHELL: My thought is this. I see my social credit friends chaffing at the bit. If we are going to get into a question of socialism and capitalism, I think we should include Social Credit. That is my thought. I would like to have an argument with Mr. MacInnis on socialism and with Mr. Blackmore on social credit, but if we are going to do it in this committee with Donald Gordon as arbitrator, we are not going to get anywhere.

By Mr. MacInnis:

Q. Do you think, Mr. Gordon, that income is more inflationary in the pockets of the workmen than in the bank accounts of the company?—A. Yes.

Q. You think it is?—A. Yes.

Q. Well, I have here a clipping from the Montreal Gazette of July 24, 1946, giving the dividend payments for July, 1945 and 1946; and I notice, taking a limited number of companies—the heading is: “Dividend Payments Up for July”; and it goes on to say that dividend payments are up about \$5,000,000, now that is not all at the one time, but they had some payments in July. Now, it seems to me that the case you referred to a moment ago, to the fact that increased wages meant more money in the pocket of the worker. Now, would the payments of dividends in that form mean that that amount of money was going into the pockets of the shareholders, and would the result of that be inflationary in the same way that an increase would be inflationary because it would put more money into the pockets of the workers?—A. My point is this, and I will just answer the question on the narrow point you raised; money in the workers pocket is usually in the form of cash and generally speaking the more ready cash he has the more the tendency is for him to spend it, and if he spends it in a time when there is a great shortage of goods it is more likely that there will be a bidding up of prices.

Q. These dividends would come out as ready cash.—A. I thought you were talking about money in the bank. Dividends are not necessarily money in the bank.

Q. These are dividends.—A. Dividend payments do to an extent represent ready cash of the same character as payments to the workers.

Q. There is your trouble. And now, I think we are getting to the point you yourself mentioned, that what we have to do is try to find an objective on which we can get industry and the workers together. Have you anything to suggest in that way in which they can get together to settle this dispute? Can you think of any way.—A. Well, I am afraid that I am in the position of the man in California who had a funeral to attend and he didn't say anything about California; but I have to say a word about price control. I do not see anything to it at all, but I will discuss what we have done. I do not think that there is an objective or any realization that will solve this problem without a realistic appreciation on the part of the worker that his best interest is served in the maintenance of the real money value of his wages. We have only to look at the United States where already you see complaints from labour that the fairly large advances that they got there in wages are being lost completely in rising prices and therefore the unions, organized labour, have got to ask themselves whether what they are asking now is going to have an inflationary effect such as I have suggested. Now, you can believe me or not, as you like; but I am honest and sincere in making that statement.

Q. I do not dispute you.—A. It would depend entirely as to how many people do believe what I am saying, and I am saying it completely honestly. I am not saying it with any particular axe to grind, or having in view any governmental advantage; nothing but the best interest of the worker. I am thinking definitely of what is the real interest of the worker. That brings us back to the point with which this committee is dealing; that is whether or not this dispute can be settled on the basis of some objective; then I say you have still got to answer the question as to whether or not pressing your demands to the point where you can force it will have the effect in the long run of breaking down the real money income of the working class.

By Mr. Johnston:

Q. Mr. Chairman, I do not want to get into a discussion on the merits of the case, but I think that is stretching the matter a little far. It seems to me that Mr. MacInnis has mentioned Liberalism, Torism, communism, most any kind of an ism you want to suggest.

Mr. MACINNIS: May I point out that I have not mentioned socialism, capitalism, Hinduism, or any of those.

Mr. JOHNSTON: I do suggest, Mr. Chairman, that there apparently is a misunderstanding as to what the objects of this committee are.

Mr. MACINNIS: I am taking the part of the workers.

Mr. JOHNSTON: I am not disagreeing with you at all.

Mr. MACINNIS: I am glad you are not, as no sensible person would at all.

Mr. JOHNSTON: If it is the purpose of the meeting to discuss economics I would have no hesitancy at all in entering into a debate on that subject.

The VICE-CHAIRMAN: Mr. Johnston, I noticed that Mr. MacInnis was getting a little far afield. As to that there is no doubt in the mind of the chairman at any rate. Mr. MacInnis was just about finished. Had he continued it would have been the duty of the chair to have called him to order. He did however say that he would be finished very shortly, and I had thought you would be willing to indulge him.

Mr. JOHNSTON: We are not going to argue about that. We can now come back to the question in hand.

By Mr. Johnston:

Q. I am much more concerned about getting back to production, getting the workers back producing the things we need, otherwise our problem is going to be aggravated. It is merely one of the difficulties and I am prefacing my question in this regard. It seems to me one of the difficulties in this contract is this, that there has been an increase in the price of steel for all the companies, all three of the plants, Mr. Gordon?—A. An increase in the price of steel?

Q. An increase in the price of ingots of approximately \$5 a ton.—A. I thought you said, offered the company.

Q. I meant given them, \$5?—A. Yes.

Q. Now, I think the big question arising is whether labour is getting their share of that increase. Now, this is what I want to ask you, when you made this adjustment did you take into consideration the ability of the company to pay?—A. I do not understand the question. What the prices board was dealing with was the authorization to increase the prices of the steel companies. That had nothing to do with ability to pay.

Q. But in that consideration you are making in that regard you did thoroughly investigate the company to see whether or not their financial position would stand the increase?—A. Oh yes.

Q. You said in the early part of your statement—I have only a press report because we haven't got that evidence before us yet—you said, we looked at the estimate labour cost, at the increased cost of materials and transportation, and we reached the conclusion after having done that that it would be necessary to adjust prices to the point where we believe the economy could stand it?—A. That is substantially correct.

Q. You took three things into consideration?—A. Considerably more than that, there were a lot of other cost factors that come into production.

Q. I understand you did take particular cognizance of the estimated labour cost, the increased cost of materials and the increased cost of transportation. Those were the three big items you considered?—A. That is right.

Q. Then when you went into these very carefully I assume you had your experts with you and that the information which you received from the companies was satisfactory, you were sure they were reasonably correct, and therefore when you went into the labour question you along with your experts were reasonably certain that you were including enough there to at least in part compensate wage increases?—A. Yes.

Q. Now then, I am sure—correct me if I am wrong—that you were desirous of settling this strike or settling any difficulty there?—A. Remember, there was no strike in existence at the time.

Q. No, but that was in the offing?—A. We knew that a wage increase was in prospect.

Q. I see.—A. Perhaps I should have qualified my last answer by saying that when we looked at the question of the cost of labour we recognized that an adjustment somewhere within a certain range would produce a certain range of profit, and that the companies in question, all three of them in mind, would then be in a position to determine how far they were prepared to go in the matter of their profit results to meet labour and to avoid a strike.

Q. Yes, and in your determination of that you did have some idea of what labour costs would be?—A. Oh, we knew labour costs, yes. We had various items. We had the labour costs and we also had a fair guess as to what labour costs would be if certain increases were granted.

Q. Well now then I think it would be true—you correct me again if I am wrong—that when you granted that increase of \$5 to the industry with a tremendous staff of accountants and so on, they were in a position then to state almost, I was going to say definitely, but I will say almost definitely—that is a rather vague term—they were able to state almost definitely what increased cost of labour would be, would they not?—A. Because of the price increase?

Q. Yes.—A. Oh no, that does not follow.

Q. Would it not?—A. No. The position we endeavoured to put the companies in was briefly this, that after we had reached judgment as to what the price increase would be in the light of these various factors, the companies were then in a position to sit down and examine their costs of production, the cost of all their materials of production, and the various other things and labour, and they were able to say to themselves now, if we can settle with labour on the basis of let us say five cents an hour we can reasonably estimate what our profit result will be for the coming year, as soon as we have a certain volume and so forth; and they have to make assumptions on that too. They could also have said to them if we settle at 7 cents an hour the result will be approximately so and so.

Q. Yes?—A. And, quite obviously, they are in a position of being able to say to themselves, well such and such a profit result in our opinion is not reasonable having in mind our capital investment, the shareholders interest and so forth, therefore if we pay more than X for labour we are not going to make the profit to which we think we are entitled. And now, there again I am just thinking for the company, as it were.

Q. That is the same type of thing that I would use.—A. Yes.

Q. As the result of that thinking you had to have some estimate, some reasonable accurate estimate, when you allowed that \$5?—A. We had an estimate on everything, yes.

Q. And it would be a reasonably close estimate in regard to labour?—A. I believe so, yes.

Q. I agree with you. There would be a certain variation or fluctuation there depending on existing conditions.—A. Oh yes. And remember, that the risk of fluctuation is very great. For example, to show you a type of risk which we did not take into account at all, a risk which we certainly had not thought of and that is what happened by reason of the steel strike in the United States. Take for instance the question of Dosco, Dosco were in the position where the result of our price increase, as the result of their own estimation as to what they would have to do for labour, they were going to reorient their whole business to take on a different type of steel work at a profit. They might have, would probably; I don't know—perhaps. I understood from the management that in all likelihood they would have had to close down uneconomic operations in their plant and they would have exercised their own best judgment as to the types of production which they would carry on with. That was another factor relating to wage increases which we had to bear in mind, changing their

production so they could operate at a profit. Then, along came the steel strike and as a result of that the government stepped into the picture and reimposed steel control, and then we came along and said to Dosco we do not care what your plans are you have no right any longer to exercise your own independent judgment, you must ship your product as we direct because of our domestic needs; and so far as Dosco was concerned that was something they didn't want to do—they were ordered to ship their steel up here to Hamilton to Stelco—and they say, so far as they were concerned that was a thing they did not want to do and still do not want to do.

Q. It is pretty hard to persuade them.—A. That is the point, as to the manner in which we try to follow through a reasonable proposition; and so, by reason of governmental action we said you are going to export less than you otherwise would have; and that left Dosco in a difficult position. The only reason that action was taken, of course, was because of the emergency which developed and Dosco and all the other companies have cooperated in the national interest.

Q. Did the steel company receive a subsidy in order to enable them to carry on?—A. No. The Steel Company to my knowledge has never received a subsidy.

Q. Never received a subsidy, but they have not made a profit.—A. They have not made the profit they otherwise would have made without governmental interference. Algoma is another case in point. We stepped into Algoma and forced them to produce coke instead of steel, and as a result of that it was necessary that they be compensated also. But, the situation with respect to Stelco was that they were not producing the kind of things we needed, or they were not doing the kind of operation with which we had to cope. One of the things we did in Dosco, for example, and this is an interesting point, we had Dosco produce steel, basic raw material, for further processing in its Montreal plant, which under normal circumstances they would die rather than do, because the relationship between the two companies is not exactly friendly.

Mr. CASE: Pardon me just a moment, may I ask a question?

The VICE CHAIRMAN: Mr. Johnston, do you consent to Mr. Case asking his question?

Mr. JOHNSTON: Yes, Mr. Chairman.

By Mr. Case:

Q. I think you said that Algoma was not receiving any subsidy of any kind.—A. It is very difficult to make a dogmatic statement without being tripped up. My assistant just reminds me that there is a sort of indirect subsidy which effects Stelco by reason of directives which we have had to put into effect. But as far as I know I do not think there is any actual direct subsidy. It applies to materials which they use. There was some sort of an adjustment in relation to material which is brought by uneconomical methods from, for instance, Algoma to the Steel Company plant in Hamilton, and we are putting through assistance in respect to that particular thing.

Q. It is a fact, is it not, that after these adjustments were given that Stelco did declare that they could pay a ten cent raise?—A. Not to me.

The VICE-CHAIRMAN: In two steps, I think.

Mr. JOHNSTON: Yes, ten cents was the final offer.

The VICE-CHAIRMAN: They got it up to ten cents.

Mr. JOHNSTON: But they started out at 5½ cents.

The WITNESS: Are you asking me that as a question or is that a statement?

Mr. JOHNSTON: I am just stating that for the record.

By Mr. Johnston:

Q. The point I wanted to make is this, Mr. Gordon, that you were in a better position to decide whether or not this company could make a ten cent offer. The company was in a more favourable position than you were to know they could make that ten cent offer, and what was the position of the union in demanding the increase. Now, it was quite evident that there was a certain amount in that \$5 which had been allocated for wages.—A. No, not necessarily; that is the point I have been labouring to put forward. That was dependent entirely on the decision of the management of the Steel Company as to what profit level they were willing to operate on; and they could quite easily and quite reasonably have taken the attitude that they could not afford to pay anything for wages because they were not earning a profit amount anywhere near the amount which they ought to be earning by pre-war standards in relation to the volume of production that they are now undertaking, I have already told you that the Steel Company had reached a production of $2\frac{1}{2}$ times their pre-war volume.

Q. You made that statement before.—A. And their profit is not anything of that character at all; so they could quite easily have said, no, we think we are entitled to get the same rate of increased net profit, or to get a rate of profit more in line with our volume of production. That would have been a reasonable argument. But if they had taken that stand I do not think they could have paid anything. Instead of that they said, in the light of circumstances (I am only thinking for them so to speak), we do not know that, they did not say it to me but I would assume they said this to themselves—instead of insisting on that rate of profit we might prefer to pay a certain amount in wage increases even although it reduces our profit figure below what we think is reasonable.

Mr. CROLL: But, Mr. Gordon, then how do you substantiate your position which you originally took, that you were there looking out for the workers as well as yourself, and you allowed yourself to be in a position where there might have been nothing, and you say it is reasonable for them to take that position.

Mr. SMITH: Mr. Chairman, who has the floor? I want to ask questions too.

The VICE CHAIRMAN: Will you allow him to answer that question?

Mr. SMITH: Yes.

The VICE CHAIRMAN: Would you answer Mr. Croll's question, Mr. Gordon?

The WITNESS: Well, I am not sure I clearly understand it. I say that in increasing steel prices we had increased them to the point where we thought sectional repercussions would not be so bad as to wreck price ceilings. That is what I meant when I said I had the real interest of the worker in mind. I had every reason to believe that despite the technical position of the company that they might have argued that they were entitled to earn pro rata an increase in profit related to the volume of business—I have no reason either to believe that they would not insist on that position.

Mr. CROLL: Reasonable, you said?

The WITNESS: Reasonable is what I am emphasizing. That is the position which the Steel Company might very well have taken, but I had every reason to believe they would, and that they would act reasonably in all the circumstances. Moreover, in discussions with me, and in their submission, they made it quite clear that they expected to increase wages at some point.

By Mr. Johnston:

Q. You are just leaving it then entirely to the good judgment of the company as to the amount of increase they would give?—A. It is quite clear

that I did not attempt to dictate in any way what wage increase there should be. That was a matter for negotiation between the employer and the employees.

Q. And you did not investigate the financial statement of the company to see whether or not they would be able to pay an increase in wages?—A. Well, I said that the financial position of the company as it was revealed to us did not bring estimates as to the effect of an increase in wages, but we reached our own conclusion after weighing the balance of probabilities in respect to all cost factors. But we did assume—I think I am safe in saying this—that we did assume there would be some wage increase but we did not know what it would be. Therefore, we left ourselves so to speak in the price increase on the basis that if a wage increase took place within a certain range then we knew that the range of profit would be less and that range of profit would perhaps not be too unreasonable.

The VICE CHAIRMAN: I presume you are aware that there would be some adjustment effected by collective bargaining?

The WITNESS: I naturally assumed that the provisions of the Regional War Labour Board with respect to collective bargaining would operate in regard to that matter.

By Mr. Johnston:

Q. As I understand it, I think you said that by giving this price increase that you did give the companies you felt specifically that it would cover a certain wage increase?—A. It was quite evident that they intended to do that, yes.

Q. And then it can be assumed that the company has sufficiently intelligent officers to make a reasonably close estimate, within a cent or two? When you gave your evidence you said we checked up on the estimated labour cost, the increased cost of raw materials, transportation and so on, and now, what I cannot understand is this, if the prices board having gone into this very thoroughly—and I do not think you would have made a decision without having gone into it thoroughly—why you could come at some scale of increase for wages close to what the company came to. I am not saying that you should have hit it exactly, but still you should have been in a position which would have enabled you to come very close to the estimate the company made. Would not that be true?—A. I do not quite know what you are driving at, frankly. Do you mean that the prices board could have worked out the amount of the wage increase, what it should be?

Q. I think you should have been in a position, if I may put it this way, to know whether or not the offer which the company would make would be within a reasonable range of your estimate of labour cost.—A. Quite so, yes. I believe that when the price increase was granted that the company was in a position that they could settle any wage dispute with their men on a reasonable basis.

Q. I think that is as close as we can get to that. Let us go a step further: therefore, the prices board was of the opinion because of their thoroughly investigating the companies standing that perhaps approximately, we will say, ten cents was a reasonable increase. The company itself was of the opinion judging by its statement here, that 10 cents was a reasonable increase. Now then, what information did the union have because of this investigation that 10 cents would be a reasonable increase? Did you give them any information publicly so that they could get the information, or did you give the information to the union?—A. We gave no information to anyone. We didn't even inform the company. We didn't tell the company what thoughts we had in mind about their possible labour cost. We simply said to the company tell us all

the facts in your estimates, give us all your assumptions no matter how pessimistic they may be, we will have a look at it and we will exercise some judgment as to what price increase can be granted without subsidy payment; when we have done that you will be in a position to determine what you can do. We are spending all our time here on wages; but remember, the judgment of the company had to be brought to bear on their cost of materials, on their cost of transportation and the various other factors which were quite uncertain, and which I am sure have changed considerably since we made that increase.

Q. You did take that into consideration in your evidence, all those cost factors?—A. Right, to see whether or not the companies forecast in our opinion seemed to be reasonable.

Q. Quite so, and I think you said a moment ago that you made a fairly close calculation.—A. I can tell you this very specifically, that the steel companies, and particularly the Steel Company of Canada, did not agree that our price increase was sufficient.

Q. Well, they did increase their wage offer to ten cents?—A. Oh, quite so.

Mr. BLACKMORE: Only one company.

Mr. JOHNSTON: I am talking about one company.

The WITNESS: Let me remind you of one point there, if I may; that there was no assurance, and we have no assurance, that after having ten cents, if they had given it, that the steel company would not have come back and said; now, Mr. Gordon, since this 10 cent increase, this is a new factor, we will be obliged to take it into consideration, this is going to cost us very much more than we thought. And the result of what would be that we would have another application from them submitting their claim for another price increase. There is one more point there, if I may just digress for a moment, another very important point which I missed in my earlier evidence. In fairness to the company, I think I should say this, that in the first instance, the first submission we had from the Steel Company, their request to the board was much lower than we finally settled on. It was much lower than their request for their estimated cost. The price adjustment was considerably lower which they asked than the one we finally settled on. When we were first in discussion with them they were of the opinion that it was better to take a slow price increase step by step and that they would come back to us perhaps in two months and make another submission with new cost factors in mind. In discussion we came to the conclusion that was not advisable and so we sent it back to them and asked them to submit another submission. We said to them, tell us your worst difficulties, the worst aspects of your situation, your worst fears, and we will exercise our best judgment as to price increase which may be granted and in one fell swoop take care of this whole situation, because we do not want to be put in the position month by month of granting increases in the price of steel, and undertaking all the administrative work that goes into the adjustment of secondary prices all through the picture.

Q. Yes, and I think you admit that the result was that when you did give that increase there were two parties who knew approximately what the increase cost of labour would be and a third party who had no idea, and therefore the union had no option whatever but to sit down and say, well, those fellows have got a \$5 increase and that amounts to so much in a year and therefore we will start bargaining. But surely under normal circumstances if we are dealing with the control of prices, under normal circumstances when unions sit down to negotiate wages with their employers, they should find out what their employers could afford to give.

Q. That may be true, but in this case it was actually true because the government was subsidizing it.—A. You are referring to a special circumstance. In Steelco the price is a dominant factor.

Q. It seems to me that there should have been some information given to the parties concerned that if the \$5 price increase could not possibly stand an increase in wages of 19½ cents, they should have been told?—A. I have no doubt that the people negotiating for the companies told them that, but they would not believe it.

Q. They just had the company's word?—A. If we had to come along and suggest what the wage increase should be or could be, then we would be in the position of telling the management what profits they ought to earn. We are not a profit control body; we are a price control body.

Q. The question that this committee has before it is to solve this present dispute. We are not trying to get information from you and from the union. We are trying to find out what is going to be the best method today to solve this strike. I am finding myself in an extremely difficult position to know whether the union is asking too much or whether the company is offering too little, and I was trying to see if we could find some way to prove to our own satisfaction that the increase of \$5 is an equitable distribution to labour and to management. I want to go back to another point. Your great concern is inflation?—A. Yes, my job is to try to prevent it.

Q. In all your discussions, you have pointed at the increased wages? Is that a fair statement to make?—A. Yes. I would say that labour cost, being the most important cost in production generally, is one of the most significant factors in the matter of preventing price inflation.

Q. And you do take the view that if the wages are increased the company, of the necessity, must increase the cost of their goods, which, in the long run, works to the detriment of the workmen.—A. Yes.

Q. I am not disagreeing with you in that. Did you ever consider the question of rather than subsidizing industry that the workmen could be subsidized directly without affecting the selling price?—A. In some of our earlier discussions, when we seemed to be up against an insolvable problem, there was a suggestion of wage subsidies, but it was given up as being impractical. As I understand your question, you are talking of a subsidy payable by the government.

Q. I am trying to get at some method whereby the labouring people might get an increase in wages without affecting the price of the goods produced by that industry.—A. It cannot be done.

Q. Why could not a government subsidy to the workers be effected?—A. You are talking of a subsidy payable by the taxpayers, and that, in turn, comes out of the workingmen's pockets.

Mr. SMITH: The workmen would not take it; they want wages.

The WITNESS: Remember that when you are talking of subsidy, you are talking of a subsidy payable by the federal government. The only way they can give that out is out of the taxpayers' pockets. The workmen pay taxes and it has to come out of their pockets, too.

Q. It would, in this instance, satisfy the workers, and, at the same time, keep your price scheme under control.—A. If you are talking about subsidizing wages of the steel industry, you cannot subsidize everybody's wages. I cannot imagine any government being able to bring in a wage subsidy to the steel companies in order to settle a strike, and expect that every other worker is going to sit back and say: that is the fashion for steel but not for us.

Q. You are positive that the companies cannot continue raising the wages of labour without increased cost in the price of steel.—A. It is perfectly obvious that increased wage costs increase price, and then there is inflation.

Q. Would you call directly subsidizing workers inflation?—A. Yes.

Q. You have no cure?—A. I have no cure for this particular strike except a reasonable attitude on the part of the applicants to accept the wage increases which can be paid within reason.

Q. Regardless of the fact that the cost of living has risen?—A. There is no suggestion that the wage level of workers has not risen more than the cost of living.

Q. It has risen considerably, not only for the workmen, but for everybody else.—A. I would call attention to the fact that tables show that the general wage increases have been greater than the raise in cost of living.

Q. You say there is no other way for the settling of this strike except that the workmen who are demanding increased wages be reasonable and not ask for them.—A. To be reasonable in what they ask for.

Q. What would the amount be?—A. I cannot say; I am not the arbitrator.

Q. You do agree that they have the right to ask for an increase.—A. I suppose it is very obvious.

Q. You did consider that in your evidence.—A. I considered it in the judgment which I formed that in all likelihood the steel industry would be faced by demands from their labour, and I included it. I assumed also that the demands by labour would be reasonable.

The ACTING CHAIRMAN: That was a balance of probabilities, Mr. Johnston.

By Mr. Johnston:

Q. That is for the witness to say. From his evidence it is quite clear that he did consider the labour increase, and it is quite clear, as I understood his evidence, that he included in the increase of \$5 an amount for increased wages.—A. I stated quite clearly that I included in my judgment the likelihood that a wage increase demand would be made by the workers, and that the companies would probably have to meet it, and I assume that in the course of it the parties would reach a reasonable settlement.

Q. It does seem to me, Mr. Chairman, that it is an amazing thing that the prices board would not have come to some definite estimate without just saying: here is a range of \$5; we do not know whether there is an increase in wages, or not. They have not any idea what the increase would be. They do not know whether 1 cent would be too much or 19½ cents would be too much.—A. Would you look at it this way. There are two watch-dogs; one has to do with price control, and the other with wage control, and the one watch-dog was leaving to the other watch-dog its business.

Q. The other watch-dog was the National War Labour Board. The result is that we have a strike on our hands?—A. I understood that you were discussing the judgment of the prices board, and I say that in forming that judgment I had every right to expect that the parties in question having to do with wage disputes would follow the procedure which had been set up for that purpose, and the watch-dog was the regional War Labour Board and the National War Labour Board, and that board would form judgment as to what was reasonable under all the circumstances laid down by the order in council appointing them.

The ACTING CHAIRMAN: I have to interrupt you for a moment, Mr. Johnston. The reason I am interrupting is because Mr. Millard has come to me and said he laid a certain letter before Mr. Lalonde, and Mr. Lalonde asked me to come here in his place, and I asked him if he had any special instructions to give me and he said "no". I am afraid that he must have put Mr. Millard's letter in his pocket. Mr. Millard has said to me that he placed this letter with Mr. Lalonde, and that it was an invitation to this committee, or any members of it who could accept, to visit the three points of friction over the week-end, and he came to me and asked me if I was not going to read his letter. I had to reply to him, giving him the information such as I have given you. It was then agreed that I would place his invitation before the committee. My reason for interrupting Mr. Johnston is that it is pretty near adjournment time, and I felt that the matter had to be dealt with before adjournment. Would you care to hear Mr. Millard now.

Mr. MILLARD: I would like to say, Mr. Chairman and members of the committee, that it has been brought up by Mr. Croll and others that you would like to hear, first hand, from some of the people involved in these strikes. The National Advisory Committee, meeting here in Ottawa today, extends an invitation to all the members of the committee to visit any one of the three centres over this week-end. I would hope that the members will probably find transportation by plane if the Department of Transport would assist in that matter and get the members there and back before the next session of this committee. We would like you to visit these centres and talk to the rank and file so you would have first hand knowledge of some of the questions before the committee.

The VICE CHAIRMAN: Mr. Millard, I do not know how the other members are situated, I can only speak for myself in saying that I will not be able to accept that invitation. I would have been able to had I known about it forty-eight hours ago perhaps. And that is no criticism of you Mr. Millard. However, that has nothing to do with the decision of the committee on the matter. What do the members think about this?

Mr. CROLL: Leave it to the individual members to communicate with Mr. Millard.

The VICE CHAIRMAN: Of course, it is always open to individual members to accept. Is it your view that the committee as a committee cannot accept, or can they accept?

Mr. GIBSON: Could we cross the picket line, Mr. Millard?

Mr. MILLARD: I would be perfectly willing to pass any one who wishes to visit the Hamilton plant, or the other plant.

Mr. SINCLAIR: I would suggest rather than individual members going down we have subcommittees. To visit each of the three plants as has been suggested would be very valuable. Another thing we have to consider is that we have not a full committee here and most of us have made plans for the week end. I would say that one day next week our committee might visit the plant. Arrangements for our transportation might be made through the Minister of Transport.

Mr. MILLARD: You could visit the Hamilton plant to-morrow or Sunday, Leaving here to-night you could get back for Monday morning. As to transportation perhaps the Minister of Reconstruction and Supply could arrange with the Minister of Transport for special accommodation for the committee, or for a subcommittee who might want to attend at Sydney, Nova Scotia. A trip there and back might be arranged if the committee wishes to accept this invitation.

The VICE CHAIRMAN: Mr. Millard, I wonder if you would agree to what Mr. Sinclair says. There are many of the members not present. It would seem to be wise to hold this over for the present.

The VICE CHAIRMAN: Thank you very much anyway.

Mr. MACINNIS: I wonder if this could be done. We are represented here as various political groups from the House and if the groups get together and decide which of their members should go—we are pretty well rushed for time. I have pretty much all I can do over the week-end to be ready for our work when the House opens next week and I could not go, but perhaps other members of our group could go.

The VICE CHAIRMAN: I am quite sure it would not be possible for the Liberal party to be got together to decide who should go under the circumstances now. I am afraid it would be very difficult owing to the fact that I have seen several meetings attempted during the past two weeks. It might be too difficult. Being so large and more important they are not always so closely integrated as a small, insignificant body.

Hon. Mr. MITCHELL: I would like to say this, if I may, so far as I am concerned I have to try to do a week's work to-morrow and Sunday probably. In a large department such as I am administering it would be a physical impossibility on this short notice for me to visit any of the plants.

The VICE CHAIRMAN: I will take the responsibility of seeing that the matter is considered later, if the invitation is still open, and I will raise it in the steering committee at some later time. Thank you, Mr. Millard, for the offer.

Mr. BLACK: Personally, I would like very much an opportunity of visiting the Nova Scotia plant where the problem is greatest. I regret that owing to the pressure of other duties I have not had an opportunity of meeting the delegates of the union from the Sydney plant, Dosco. I would like to have a discussion with them. I realize, and I think the members do, that down there economic conditions are more difficult than they are at other points. That is one of the reasons why I would like the committee to visit that plant.

The VICE CHAIRMAN: You agree that we cannot accept it at any rate at the present moment, Mr. Black.

Mr. BLACK: I do not think, Mr. Chairman, our committee would be sufficiently representative. I do not think it would be of very much use for me to go alone, or for two or three to go. I think if we are to go we should have an adequate representation of all members, members of all political affiliations representative of this committee. I do not think such a representative group could be got together in time to go down there over the week-end.

Mr. GILLIS: I was just going to say this, that I do not think there is any necessity for anyone to visit either Sydney or Algoma. There is no difficulty there. Everything is shut down one hundred per cent and the plant is being maintained. I think that indicates that the strike is complete. That is not true for Hamilton. Mr. Hilton when he was here also extended an invitation to the committee to visit the inside of the plant. There is difficulty there and presumably there will be greater difficulties. I think perhaps it would be serving a useful purpose if a group from this committee could be in Hamilton over the week-end. It is not so far away; and then, with that situation there there may be a fair explosion over the week-end. I wonder if the chairman could not consult with the minister and find out if there is a certain number who want to visit Hamilton over the week-end and arrange for transportation. As to visiting Sydney and the other plant, I do not think that is necessary at this stage.

The VICE CHAIRMAN: I do not think you should ask me to do that unless there is some decision by the committee.

Mr. CROLL: I will move that it be referred to the steering committee.

Mr. GILLIS: I will second that motion.

The VICE CHAIRMAN: You don't have to do that because I was going to bring it to their attention anyway. Before Mr. Johnston resumes his examination of Mr. Gordon, there is one question, just one question I want to ask.

By the Chairman:

Q. Is it your view that in order to hold price control there must be wage stabilization?—A. Very definitely, yes.

Q. Would you say that must be a rigid stabilization, or a measure of stabilization?—A. No, I think the measure of stabilization we have had over the years has been reasonably workable.

Q. But you feel you cannot have wage control unless you have some measure of wage stabilization?—A. You mean, price control.

Q. I mean price control, I switched a word.—A. Yes. I think it is most necessary. In fact I think it is necessary to have agreement in regard to wage control if we are going to continue price control.

The VICE CHAIRMAN: Thank you, Mr. Johnston, I broke in on you.

Mr. CROLL: I am going to suggest that you call it six o'clock, it is five minutes to.

The VICE CHAIRMAN: I was just going to do so. Did we reach any decision in regard to the next meeting?

Mr. ADAMSON: What is the decision about the next meeting.

Mr. CROLL: I understand that Mr. Gordon will be here Monday.

Mr. BLACK: Who will be called after we finish with Mr. Gordon?

The VICE CHAIRMAN: We have not finished with Mr. Anson yet, and we have certain representatives from the Department of Labour. The calling of witnesses will be decided by the steering committee.

Mr. BLACK: Will Mr. Anson come on after Mr. Gordon, or will it be the representatives of the Department of Labour?

The VICE CHAIRMAN: I do not think that is absolutely settled, the steering committee will decide that.

The committee adjourned at 6.00 o'clock p.m. to meet again on Monday next, July 29, 1946, at 11.30 o'clock a.m.

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SESSION 1946
HOUSE OF COMMONS

STANDING COMMITTEE
ON
INDUSTRIAL RELATIONS


MINUTES OF PROCEEDINGS AND EVIDENCE
No. 8

MONDAY, JULY 29, 1946

WITNESSES:

- Mr. Donald Gordon, Chairman, Wartime Prices and Trade Board, Ottawa, Ont.;
- Mr. Clement Anson, General Manager, Sydney Steel Plant Division, Dominion Steel and Coal Corporation, Sydney, N.S.;
- Mr. C. A. L. Murchison, Alternate Chairman, National War Labour Board, Ottawa, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

MONDAY, July 29, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Croll, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Johnston, Lalonde, Maybank, MacInnis, Mitchell, Moore, Ross (*Hamilton East*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. Adamson drew attention to the fact that questions of his, as contained on pages 202 and 270 of the printed record of evidence taken by the Committee, were attributed to Mr. Emmerson and Mr. Reid respectively.

Mr. Donald Gordon was recalled and further examined.

The Committee adjourned at 1.00 o'clock p.m. until 3.30 o'clock p.m. this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Johnston, Lalonde, Lapalme, Maybank, Merritt, MacInnis, Mitchell, Moore, Ross (*Hamilton East*), Skey, Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. Donald Gordon was recalled and further examined.

Mr. Smith (*Calgary West*) moved that, if necessary, the procedure be altered to permit a speedy conclusion of the evidence in the matter of the steel strike; that we finish with Mr. Anson, and then invite Mr. Millard to reply; and, further, that this committee sit this evening with a view to concluding this part of our enquiry.

After debate, and, by leave, Mr. Smith withdrew his motion.

Mr. Gordon retired.

Mr. Clement Anson, General Manager, Sydney Steel Plant Division, Dominion Steel and Coal Corporation, Sydney, N.S., was recalled and examined. He filed:—

Exhibit No. 23—Statement by Messrs. Price, Waterhouse and Co., Montreal, dated July 25, 1946, showing operating results of Sydney Steel Plant for the years 1939 to 1945, both inclusive.

Exhibit No. 24—Balance sheets prepared by Messrs. Price, Waterhouse and Co., Montreal, for the years 1939 to 1945, both inclusive, of Dominion Steel and Coal Corporation Limited and subsidiary companies.

Mr. Anson retired, subject to recall upon reasonable notice.

Mr. C. A. L. Murchison, Alternate Chairman, National War Labour Board, Ottawa Ont., was called and sworn. He read a prepared statement respecting wage control, and filed:—

Exhibit No. 25—National War Labour Board. Applications received and considered by National and Regional Boards from November 15, 1941 to April 30, 1946.

The Committee adjourned at 5.45 o'clock p.m. until Tuesday, July 30, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 29, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: Order, gentlemen.

Mr. ADAMSON: Mr. Chairman, on a matter of privilege, I should like to point out that at page 202 of the record remarks which I made are credited to Mr. Emmerson, who is not a member of the committee. Then at page 270, at the bottom of the page, I was cross-examining Mr. Justice Roach, and that is credited to Mr. Reid who is not a member of this committee.

The CHAIRMAN: All right. Your remarks will be noted. We shall proceed with Mr. Gordon.

Mr. CROLL: I think Mr. Smith has the the floor.

Mr. Donald Gordon, Chairman, Wartime Prices and Trade Board, recalled.

By Mr. Smith:

Q. Mr. Gordon, in arriving at your \$5 increase for the price of steel, did you at that time have that on the basis of a percentage of profit as against invested capital or was that taken into consideration?—A. We had in mind a range of cost considerations and assumptions in regard to sales volume estimated by the companies which, when sorted out, would have on the basis of the price increase which we granted, produced a range of profits for the company.

Q. What I have in mind is this. Was that comparable to some fixed period prior to this time, or who determined that rate?—A. Yes. We had before us the history and profit record of the company, and we had particularly in mind the approved standard profits of the company based on the four pre-war years.

Q. And the fixture was based on the pre-war years rather than arbitrarily fixing the percentage?—A. We did not fix the price increase for the purpose of producing a profit result. As I explained to the committee before, after we had examined the individual cost increases on the various items of production, we arrived at a figure which we thought the economy could stand in the result, of the prefabricated products and so forth made out of steel. Having done that, we tested our conclusion to see what the profit result would be to the company, and we arrived at a figure which we thought, if the various assumptions proved to be correct, would be not too unreasonable for the company; although as I mentioned before, the company protested our views in that respect by pointing out that while we were looking at pre-war profits, we were not making allowance for the fact that the sales volume had increased from two to two-and-a-half times.

Q. I mean, was there a figure of 5, 6, 7, 8 or 9 per cent or something of that kind that you had in mind?—A. In respect of what? In respect of profits?

Q. In respect of profits on invested capital.—A. We did not attempt to test out the actual percentage result on the invested capital which varied depending on what particular point of view you want to express in regard to the capital invested.

Q. And I suppose varied between the different companies?—A. That is right.

Q. So that you did not just say, "There is a capital set-up. We are going to give this, that or the other figure"?—A. It was quite impossible to have a figure which would have been the same average for all three companies or for all the companies in the industry.

Q. Well, did you find a figure for the separate companies?—A. No; because we did not establish our price increase with only one company in mind. We established the price increase for the whole industry.

Q. Turning to another matter, and this is all I have to ask you, I wonder if you would tell us something about the theory, I guess I might call it, as to the cause and effect of high wages on high production. You have heard of that?—A. Yes. We are getting into a pretty extensive field there.

Q. I beg your pardon?—A. We are getting into a pretty extensive field when you develop a theory of that kind.

Q. Perhaps you might answer me very simply. Do you believe in the theory that higher wages mean higher production?—A. Well, I do not think that question is capable of being answered yes or no. It depends entirely on the circumstances of the particular case.

Q. All right.—A. I would rather put it the other way, that high wages and increasing prices can be absorbed provided that they do result in greater productivity.

Q. You would not permit the use of the word "causes"?—A. No, I do not think so; because we have had examples where increasing wages have not resulted in greater productivity; as a matter of fact, we have seen examples where it seems to have resulted in the reverse.

Q. Yes. In other words, I think you have given me your point of view, that sometimes it may and at other times it may not, and there is no rule.—A. There is no definite rule on the subject.

Q. Thank you.

By Mr. Croll:

Q. Mr. Gordon, I have just a few more questions. We talked of the basic industries last Friday and you gave your views as to what increase the economy of the country could stand in the basic industries. We did not talk about the textile, rubber, auto or electrical industries, all of which are on strike and will fit into this picture more or less. While we have you here, I thought I would get the information from you. Would you say they are affected to the same extent?—A. Very definitely the textile industry is a very difficult one both by reason of the strike and by reason of the shortages we were already facing before the strike happened.

Q. Is the same limitation put on them for an increase?—A. Most definitely.

Q. Would you say the same thing for rubber?—A. Perhaps, first of all, I should ask you what limitations you are speaking of.

Q. I have the impression, and I believe the committee has also, that you said that 10 cents an hour increase was the limit?—A. I would like to correct that impression. That has been taken up most definitely in the reports I have read. I do not wish to be put in the position of making any definite statement to the effect that a 10 cents an hour wage increase can be absorbed or cannot be absorbed. As I attempted to explain before, we are in a position, or have been in a position in this country for some time where any increased cost of any kind is bound to result in higher prices. All that I allowed myself to say was

that if wage adjustments in this basic industry were made at 10 cents, and if that became a pattern through the other industries, that we would have an almost unbearable pressure on the price ceiling, but with that we could continue to have some control over prices. If the increase were greater than that I thought we would get into such difficulty in administration in trying to control the situation that it would be unmanageable for the board to carry on.

Q. From that, I understand that you did not set a limit in the wage increases in the steel industry?—A. We, at no time, mentioned any wage which represented our opinion as to what the wage negotiations should be or could be settled on.

Q. In other words, you left it to collective bargaining?—A. We did, indeed. In my opinion there was government machinery suitably designed for the parties. In other words, it would have been improper, in my opinion, for the Wartime Prices and Trade Board to have guided the discussions in any way as to what the wage increase should be.

Q. That is a natural proposition itself in my mind. What would have been the effect on your position if, in the course of collective bargaining, they agreed to 12½ cents an hour increase?—A. I think my position would have been this, that if the company felt it had to settle at that, I would have expected the company to come right back to me and say, "In light of this settlement, we must file another price application asking your board to increase the price of steel."

Q. Then it follows that if it was a figure something less than—what then?—A. I do not know. Even at 10 cents an hour increase they might come back to me and say that. You must remember that the increase covered not only potential increases in wages, but it covered potential increases in material from foreign sources and also potential increases in the cost of transportation. If any of these assumptions proved to be wrong or if the company found itself in a position where the company felt that the profit margin is unreasonable, we can expect that the companies will be right back pleading that with the price adjustments, the price of steel is not sufficient to bring them a profit.

Q. What I understood you to say, and I may be wrong, is that you are not so much concerned at the moment as to the profit to the company, but you were concerned with the worker having a great deal of money and having more money than the goods that were available, and consequently, sending up the price of goods; that if they had been granted 12½ cents or 15 cents an hour increase in wages, the only thing you could have done was to have granted an increase in price to the company?—A. If the company had not been able to administer because of the wage increases, then the costs had reached the position where the profit situation was unreasonable. We talk about prices increase in the terms of finding money. We do not take the position that the inflationary amount of money paid to the men will break the price ceiling. What I am concerned about is that if the wage increases reach a certain point to where it means that the company cannot survive on the present selling price of an article, then I must see what can be done in the matter of price adjustments. There is one further point. We have also to consider the problem in terms of overall production. One of the things is that if we persisted in refusing any price adjustment then, in order to survive, a company is driven into concentrating on the more profitable lines of merchandise.

Q. From what you say to this committee, it would be required to take a look at the profit structure in these companies in order to reach some conclusion?—A. As to the ability of the company to pay?

Q. Yes?—A. Yes.

Q. You say now that if a company is able and willing to pay, you have no objection to them doing so?—A. No objection to that specific point, but

the point I was endeavouring to answer was that even if the steel companies were able and willing to pay, the fact is that an increase of the magnitude proposed would have reactions throughout all other industries. If you trace the result of that increase through all industries, we would be faced with a wage spread and general increases, which would increase the cost of living.

Q. That was in your mind when you gave your opinion to the committee, as I understood it, that you were willing to hold price control at 10 cents, but above that you do not know what will happen?—A. Yes, I thought we would have a manageable situation that we could control if the general wage increase did not exceed 10 cents, but beyond that you would have a situation that I do not feel we have the organization to handle.

Q. How do you leave yourself in a position where some other body, over whom you have no control at all, is making a decision which may break price control?—A. That other body, so far as I am concerned, is part of the government, and the regional war labour board and the national war labour board, just as much as the Wartime Prices and Trade Board, have to implement government policy, and it is specifically worded in their order in council that they should not raise prices.

Q. How do they know what the effect is going to be? The employer is here, and the employees are here before the war labour board. How do they know what the effect will be of a raise in wages?—A. That is a matter of judgment. Anyone in that position knows that increasing wages mean increasing cost, and it becomes a matter of degree of judgment.

Q. A choice of reason?—A. Yes. There is the most recent order. Remember the latest amendment to the wage control when the government announced in February last that we were now in a situation of more flexible control; that we had to recognize adjustments. Therefore, it was contemplated in that order that there would be some wage adjustments necessary, and that, in turn, would reflect in prices.

Q. The members of the war labour board have not the information that you have available to you? You know the situation with regard to all industry in the country?—A. That is a pretty broad statement.

Q. I do not mind telling you that the reaction that I received from seeing people in all walks of life was that when Donald Gordon says it, it is almost like the eleventh commandment: "Thou shalt not break price control; it protects you."—A. I would rather stick to the seventh commandment.

Q. Here is a board that has not your facilities?—A. The labour boards have the authority and the practice of hearing before them both parties to the dispute.

Q. But not you?—A. I am not a party to the dispute; I settle it.

Q. You see, the important person, the man who has all the information that the unions have not—and neither has the employer—is not there.—A. But you see the point there surely is that the labour boards—the labour board did not function, did it?

Hon. Mr. MITCHELL: Not at all.

The WITNESS: In the generality of things dealing with how the machinery works the labour boards have an opportunity to hear the applicants, and then they have to form judgment as to what is just and reasonable in all the circumstances. It is not just and reasonable to permit a situation to develop in any form of cost—I do not care whether it is labour or anything else—whereby the parties concerned will charge what the traffic will bear in these most inflationary circumstances in which we find ourselves.

Q. I am not complaining. I do not see anything wrong with the War Labour Board coming to you after hearing a case and saying "How far may we go in this case" and "What do you think?" I have no objection to that at all.—A. That is a position which I have always kept myself out of, as I think that

would be wrong. After all, negotiating wages is a different technique altogether than the job we are doing. It is a technique which has to do with human relations; it is a technique which has to do with all sorts of complicated things affecting labour collective bargaining, which I know nothing about, and do not pretend to, and it would be quite wrong to put me in the position of superimposing my judgment on people who have been appointed for the purpose of exercising judgment in that field.

Q. By what you have said already in this committee are you not almost—I do not say intentionally—imposing your judgment?—A. I am imposing my judgment as to what would be the effect of certain actions, yes.

Q. If you had done that say in April and said, "This is the effect of it", we probably would not have had this dispute, would we?—A. I could not answer that.

Q. In any event, they would have each known their position. Labour would have known how far it could go and the companies would have known how far they could go?—A. If I had been able to say what I have never said before this committee, if I had been able to say specifically, "thus far and no farther." I cannot tell you that.

Q. But you have indicated?—A. I have indicated merely the point at which I think the Prices Board can still struggle with the problem of increasing costs due to wage advances.

Q. Would it not have been different if at the time the increase was granted you had given a similar indication at that time? Then each one would have been able to go to their corner and would have known the position?—A. That is a matter of opinion. Perhaps you are right, but my own opinion was if the Prices Board injected itself into that discussion we would merely have had one more party to the dispute.

Q. On the first day you gave evidence do you remember reading to us a letter you had from Mr. Hilton?—A. Yes.

Q. I do not want you to disclose anything you do not want to disclose, and I am not being nosey about the matter, but would you mind reading that paragraph again?—A. I am not sure I still have it with me. I will see.

Q. The same paragraph.—A. This has reference to the question of the time at which we would announce the price increase. Mr. Hilton says:—

We have given this matter a good deal of serious thought and are unanimous in our view that such a policy would place us in an impossible situation. I could not undertake any serious negotiations with our employees on the subject of the extent of wage advances we might afford to pay, and at the same time withhold the information from them that price adjustments are in the immediate offing. Neither do I believe I can take the position that I could grant tentative increases subject to price advances being granted which would make that possible.

Q. From that letter I gather that you or someone from your department had suggested a different course of action to Mr. Hilton than your finally took?—A. No. We had asked his opinion. Remember that this negotiating with the companies on the matter of a possible steel price increase had been going on for months. As I said in my first submission our first discussion started in 1943, and we had been discussing the question on and on through the months and finally in a much more intensive way after V-J day, and it was while we were on the point of reaching a conclusion as to what might be done that this whole question of wages arose. The company came to us again and said, "We have to keep in mind that we have been asked for negotiation in the matter of wages." Mr. Hilton said, "I have taken the stand I cannot talk any wage increase at all until I know something about my price increase as to whether I have any room to negotiate at all." When he did know what his price increase was he was in a

position of knowing what range he had to negotiate in, and depending on the attitude of the men he could then decide whether or not he was prepared to embark on a cost increase of that factor notwithstanding it reduced his profits to a certain point. He had to take that decision. I could not say at what point he was willing to operate in the matter of profits.

Q. Delving into that question for a moment when did the price increase go into effect in the United States? Do you remember that?—A. The last one?

Q. The \$5?—A. March—I think a little before ours.

Q. It went in before yours. In the United States the same problem arose that is now facing us? Is that not true?—A. Generally speaking, yes.

Q. And it arose immediately after the price increase was made known?—A. No, the United States was a different situation. There had been previous increases in price in the United States, and the final price increase was more or less tied in with the announcement of what the wage increase would be, but the wage increase did not actually reflect the last price increase. It reflected the last price increase and others which had taken place all through the industry over the years.

Q. As I understood their complaint their complaint was a similar one to ours, that no definite provision had been made for wages before the price increase was announced?—A. That is not my recollection. My recollection is that they came out simultaneously in the last wage adjustment.

Q. Of the 18½ cents?—A. Yes.

Q. Along with the price increase?—A. Yes.

Q. That was not my recollection but yours may be better than mine.

Mr. HOMUTH: Both the same time.

By Mr. Croll:

Q. Let me ask you a few more questions. I will give you these facts and if they are not facts you say so. Then I will ask you a question based on them. The labor index in April was 120·8?—A. What do you mean by labor index?

Q. It stands at 120·8?—A. The labor wage index?

Q. The labor index overall?—A. Employment?

Q. Yes—I am sorry, the cost of living index. It stood at 120·8?—A. Is it April you have got?

Q. I have got the 1 of April.—A. I think that is right.

Q. At June 1 it stood at 123·6. I think that is right. I got this from the index. July will stand at either 125·5 or 126 although you will have to bear with me on that.—A. I would not think so.

Q. You think it is too high?—A. Yes.

Q. 125·5 or 126 is too high?—A. I think it is somewhat high.

Q. The original cost of living index was based, as I understand it, on a \$1,450 budget, being the average expenditure of the wage earning family in 1938 and the beginning of 1939. That is correct?—A. As far as I know. I do not profess to be an expert on it, but generally I would agree.

Q. The question that I want to ask you is in view of those figures that I have given you, 120 and 123·6 with which you agree, and 125·5 and 126, with which you have some disagreement, but which are not far out in any event. The question that I ask is: Does not 15 cents across the board now represent what 10 cents would have represented on April 1st?—A. Oh no, I should not think so.

Q. Why do you say that?—A. Well, I have not analyzed it, but my off-hand opinion is that 5 cents and 10 cents is certainly a much greater increase than 120 to 125 in the index.

Q. That is your opinion?—A. Definitely.

Q. One more question—and I do not expect you to give us any definite opinion—as to what the probable increase will be in the next two or three months. You do expect some increase in the cost of living, do you not?—A. I would fear so.

Q. Yes, and I suppose it would not be unfair, in the course of this discussion, for me to ask you for your opinion. I think you should have an opinion on it. Whatever agreement we reach now, we ought to be able to review it in a period of every three months or so.—A. In the matter of wages.

Q. In the matter of wages.—A. I suppose it is possible, but it seems to me to be pretty difficult to review these things in such a brief period. It would leave management in a most uncertain position with regard to its costs. Most productive planning must be based upon a longer term than that, in order to give confidence to management.

Q. Would six months be fair?—A. It would be fair if we did not have a price ceiling. If management could adjust prices, when uncontrollable costs go up, that would be possible; but so long as management is bound under a stabilization policy and a price ceiling, they could not do so.

Q. What the ordinary labourer fears is that the increase, assuming that it is 10 cents or some such increase, that they receive now—that if they are bound for a year, under a contract, it may be worthless and all gone at the end of three months.—A. My only answer is that it would be much more likely to be gone at the end of three months if we did not have price control. What the labourer is really interested in is the maintenance of the real money value of his wages.

By Mr. Smith:

Q. I have just two questions to ask you, if I get the answers that I expect. You admit, Mr. Gordon, that wages are a substantial element in prices?—A. The cost of wages.

Q. Yes, the cost of wages.—A. Yes, definitely.

Q. And you also admit that there is no liaison between the prices board and the wages board?—A. No, nothing direct.

Q. Nothing direct; well, in what other way may there be contact?—A. Contact by reason of the fact that the Deputy Minister of Labour is a member of the Wartime Prices and Trade Board, and through him we are kept in touch with developments on the labour front which are of interest to the prices board.

Q. But there is no direct contact between you?—A. That is right.

Q. And the only contact is through the Deputy Minister of Labour who sits on your board?—A. Right.

Q. May we conclude that it is the Deputy Minister of Labour, since he is the person who is the contact, who fixes both prices and wages?—A. Absolutely no.

Q. Then, who does?—A. Well, each board looks after its own job. The Wage Control Board of the government, as far as industry is concerned, and the National War Labour Board and the Regional War Labour Board; it is a completely separate field in that respect than the jurisdiction of the prices board.

Q. What the War Labour Board does is with respect to wages and it has some effect on what your board does with respect to prices.—A. That is right.

Q. And the converse is also true?—A. No, I would not say so, not directly. It seems to me you have to consider cause and effect. What the War Labour Board does in respect to wages produces a cost factor which has a bearing on prices.

Q. Yes, but let us take steel. Would the increase given by the prices board, and as you have said, there was machinery whereby these men might

go to the labour board and find out what portion of that increase belonged to them. That, in effect, was what you have said.—A. In respect to that, I do not want to split hairs, but I do not want to leave the impression that there was anything in the price increase which was ear-marked in the wage increase. That was entirely in the hands of the management.

Q. Let us admit that, but what portion of that increase would be determined by the War Labour Board? You do not fix it?—A. No.

Q. And you leave it to the War Labour Board to do that?—A. That is right.

Q. There was no liaison between you and the War Labour Board in this specific case?—A. That is right.

Q. So it could be fairly said, with respect to our machinery in regard to prices and wages, that they are entirely separate and there is no direct contact between them?—A. That is right.

By Mr. Case:

Q. Mr. Gordon, since you are concerned primarily with the cost factor, your cost factor is going to be directly affected by hours of work?—A. Correct.

Q. That is, the 40 hour week compared to the 48 hour week is bound to have an affect on the cost factor?—A. Yes

Q. Would it have an affect, because of a greater degree of efficiency, that the cost factor might be neutralized to some extent?—A. Quite possibly, quite possibly.

Q. And the holidays with pay, whether for one week or two weeks with pay, would that also be a cost factor?—A. Certainly.

Q. When we speak of efficiency as neutralizing the cost factor, the Steel Company indicated here that they have machinery of a character that does much of the work, and that they could not get greater efficiency than the full-time that the machine could produce. It would seem that hours of wages would become a definite factor in their costs?—A. I would think so, yes.

Q. At the present time they are working in the steel plant at Hamilton; there is a large group of men being paid for 24 hours a day. That is definitely inflationary, isn't it? A man working 8 hours and being paid for 24?—A. That would certainly add to the cost.

Q. They could not make representations to you for increased prices because of that factor?—A. Well, they could try.

Q. I think that is about what I had in mind. We are talking about increases in wages, then about hours of work. They are all interwoven.—A. Perhaps I should mention this point; along the lines you mention, when we examine price applications and examine the costs in relation thereto, we tried to eliminate cost factors which are obviously of a temporary character. We try not to base our price on, for instance, special reconversion costs that are of a temporary character, in turning from war production to peace-time production, or on special depreciation costs in writing off machinery, and things of that kind. We try to base the price adjustment on what seems to be a permanent level of costs.

Q. When you say something about the possibility of carrying on with a 10 cent price increase, 10 cents per hour, you are speaking more or less in general terms and giving yourself a little margin, you people who must wrestle with the problem. Do you assume that that might become a pattern, and there might be a general increase of this 10 cents or something related to it?—A. I assume whatever is done in the steel industry, any such wage adjustment is likely to be a pattern for other industries. I think that is a fair assumption. It has been shown before that that is really the case. If we have a cost increase of that magnitude throughout various industries, we are going to have a very difficult problem indeed. But I think we can at least put up a struggle on it. But if it exceeds much beyond that, I just do not think it will be

handled. I was only expressing a personal view. You might find somebody else who would make a much better chairman of the prices board than I do. I hereby offer you the job.

Q. You would not have very many takers.—A. I don't know. Sometimes I wonder if I am not the bottleneck, because so many of these things seem to be so simple, in respect to some of the letters I get.

Q. I think, after having listened to your evidence, Mr. Gordon, without expressing an opinion about the job we are certainly impressed with your grasp of the tremendous situation. I just leave it at this, that with the ten cents you feel you can wrestle with the problem if that becomes the pattern?—A. As I said the other day, I think we have a fighting chance.

By Mr. Gibson:

Q. I wonder if in the British Columbia case, there the increase was 15 cents, if that is considered as likely to become a pattern for the rest of Canada, that increase of 15 cents an hour? I wonder if that would be as inflationary as the 10 cents an hour in the steel industry, because the major part of that increase is being met in the export market.—A. I expressed that opinion the other day.

Q. It is a rather peculiar circumstance that we are loading that money on our friends in the export market when lumber costs have been kept so low here. It is an interesting point, I think.—A. It is one of our many anomalies.

By Mr. MacInnis:

Q. I should like to follow up the questions which were asked by Mr. Smith. I hope he won't mind my trying to improve on what a more experienced and cleverer lawyer can do in the matter of bringing out information. I understand the Deputy Minister of Labour is the departmental representative on Wartime Prices and Trade Board?—A. That is right.

Q. Now, am I correct in assuming that the Wartime Prices and Trade Board in reviewing its price structure took into consideration all the factors that enter into price, including wages?—A. We try to do so.

Q. Then, would the assumption be correct that when the Deputy Minister of Labour comes back to the Department of Labour he brings to the Department of Labour the information of the Wartime Prices and Trade Board on the matter of wages.—A. I am afraid I will have to let the Deputy Minister of Labour answer that question.

Q. You discuss the matter of wages through Wartime Prices and Trade Board meetings?—A. We discuss wages in terms of costs and the result upon the price application which is before us.

Q. And you come to the conclusion, or perhaps not a conclusion but an understanding, that a wage of so much would be too high, or a wage of so much might be allowed?—A. No. I am thinking that perhaps I am putting the Deputy Minister of Labour in an unfair position. I can say definitely that we did not discuss in our board meetings, at which the Deputy Minister of Labour is present, any specific item of wages. What we do, our officials present our basis, on which we propose to adjust prices in the industry, and the result of that course is of this character, that the company is then in a position to reach some determination as to what it can afford to pay in the form of wage increases. And I think it is only in order to be fair with the Deputy Minister of Labour that I can state that we did not disclose any wage figure that appeared in our submission papers.

Q. I am not making a point of this, that you discussed in any particular meeting any particular scale of wages for a particular industry, what I have in mind is that you discussed wages in general as a cost factor?—A. Quite.

Q. And that in discussing labour in general as a cost factor you come to a general understanding as to what wage increase could be granted generally

over the industry?—A. No, we do not. We did not discuss what wages should be granted. In most cases the price applications which come before us come after the wage adjustment has taken place.

Q. Yes, but it did not in this particular case.—A. It did not in this particular case, no; but in most cases it does. In this particular case it happens that we were just on the point of trying to determine what we would do in the steel industry when the question of this increase arose.

Q. Perhaps this question would be better put to the Deputy Minister of Labour, but when wages are put into effect on approved pattern they are put into effect by order in council—the terms on which wage rates can be granted, or may. I assume that these orders in council putting into effect wage increases were passed on the advice of the Minister of Labour, and that that would only be done after the Deputy Minister had brought back information from your board.—A. That, I cannot say. I think it can be said generally, however, that the advisers of government in regard to the whole stabilization policy naturally had before them the whole program when advising the government.

By Mr. Blackmore:

Mr. Chairman, may I ask Mr. Gordon a few questions? I wonder if Mr. Gordon has been informed that on July 16, 1946, the parliament of Canada gave this committee an order:—

That the said Committee be directed and empowered to investigate, immediately, all issues connected with and appertaining to the present industrial unrest in Canada, with power to call and examine witnesses under oath, and with power to call for persons, papers and records and take all essential evidence, and to report their findings and conclusions to the House;

I assume he has been informed that this is the reason he has been called before the committee. Would he agree that one of the issues connected with and appertaining to the present industrial unrest in Canada ought to be what this committee should advise the government what to do in order to eliminate that unrest? I presume you would agree that is true?—A. Yes.

Q. Now, the steelworkers union are striking for a minimum of \$1,750 a year for a 40 hour week with two weeks vacation a year with pay. To ensure this the unions are demanding 19½ cents an hour increase. Now, the logical interpretation to be placed upon Mr. Gordon's evidence so far would be that he would oppose an increase of more than 10 cents an hour. Is that correct?—A. I am not in a position to oppose an increase. I have no authority in that field.

Q. You would advise against it?—A. I would certainly advise against it for the reasons that I have given. May I just add to that, when you refer to the unions asking for a minimum increase it should also be kept in mind, having in mind the reason for the industrial dispute, that at the same time practically all labour unions are agitating that the price ceiling should be held.

Q. That is good. And now, Mr. Gordon, the reason for your advising against more than 10 cents an hour increase was that such an increase would cause an inflationary rise in prices in Canada, that all your secondary industries would react in seeking price adjustments? Is that correct?—A. That is my opinion.

Q. And Mr. Gordon gave as a reason that an increase of more than 10 cents an hour would cause an inflationary rise in prices; that an increase of more than 10 cents an hour would, in his opinion, so greatly increase the cost of production of steel that steel prices would have to be advanced and that an advance in steel prices would force advances in price in all Canadian made goods in the production of which steel or steel products are concerned. Is that

correct?—A. That is partly the reason. That is correct as far as it goes. The other part of my reason is that the example of an increased wage of this magnitude in this industry would be sure to spread to other industries.

Q. At any time during the next three or four years this very same argument could be used against giving steelworkers any substantial increase in wages, could it not?—A. Not in the same way, no.

Q. Would Mr. Gordon specify, or elucidate?—A. The reason today is that we are still circulating in a very supercharged inflationary atmosphere with shortages of goods acute in almost every field, in every important field of which one can think. Against that we have a hugely increased purchasing power in the hands of the people generally and the temptation is to bid for the goods in short supply to a point where prices would rise substantially in the absence of price control. And now, when we are able to correct the supply factor—and most shortages are a direct result of the war—when we have corrected the supply factor to the point where our production is adequate to meet the demand, then I personally am not afraid of taking our chances with market prices. Under these circumstances, the problem for labour is to maintain employment; and my opinion is that their best chance of maintaining high employment at stable wages is to keep our prices from getting into that inflationary spiral and subsequent collapse. If we are able to do that we should be able to absorb our production, raise our standard of living and, generally speaking, be in a position to recognize a decent minimum wage for labour.

Q. Even so, suppose that within the next one and a half years, for example, all labourers having returned to their work and exercising the greatest diligence in producing, they have solved the problem of supply in Canada and brought about a condition under which, perhaps, there were more goods than they were able to buy with the means at their disposal. Suppose then they struck for an increase, we will say, of 7 cents. The effect of their strike would still be to force up the cost of producing steel, would it not?—A. At the particular time. It depends on the particular time you are referring to. Normally, it would increase the cost of producing steel; but if the productivity factor were also increased, then I do not think we need to worry about it.

Q. Provided the consumption factor had also been taken care of?—A. Oh, yes. But we must think of this whole question of production in a competitive market. If our steel industry or any other industry gets into a position of costs where it cannot compete with other producers of steel, then of course they cannot sell the product.

Q. And if it should get into a position that even in competing with other steel industries, there were not enough markets to go around so that it could sell its product on anything like the scale on which it has been able to sell its product in 1944 and 1945, it would still be in difficulties, would it not?—A. If that situation arose, yes.

Q. And there is serious danger that it might arise in peacetime?—A. I do not see it in any foreseeable future as far ahead as I can look.

Q. I am not so sure that all the authorities in Canada would agree with Mr. Gordon.—A. I am quite sure that I do not profess to be an authority on what is going to happen five years from now.

Q. I do not profess to be an authority either; all I can do is quote big men like Mr. Gordon and Mr. Graham Towers.—A. Well, you will not find any quotation from Mr. Gordon covering five years from now.

Q. All right. But still there is that serious difficulty, is there not, that even two years from now, with production at an adequate level, the cost of producing steel would be forced up by increasing the wages to the men working in the production of steel?—A. Yes. Of course that gets into the whole question

of overproduction, what causes depressions, what causes the business cycle and all the rest that goes with it; and that would take a long, long discussion, Mr. Blackmore.

Q. I recognize that. I merely raised the question to indicate that even the action of the government in dealing with this steel strike might have a serious repercussion on the cause, probably, of a depression at a later time.—A. Of course, what I am discussing, and what it is my job to do, is the prevention of immediate inflation that is bound to occur in the absence of control in the atmosphere in which we find ourselves. How long that will last, no one can say; but when we get back—I do not know if we will ever get back to what used to be normal times, but let us say we have got back to a situation where the shortages arising out of the war have been corrected; then we must adjust ourselves to the circumstances of the time.

Q. Our adjustment in that case, judging by what has taken place in the past, would probably be in the direction of a downward revision of labour rates so as to enable steel to be produced at lower cost, so as to enable it to compete successfully in a market in which there is an abundance of goods?—A. It depends on where your competition is going to come from. If we are able to keep our costs factor in Canada here on a reasonable basis—as I said before, I think Canada is in a better competitive position than we have probably been at any time in our history.

Q. And yet this matter of markets, the availability of markets in peacetime might be a factor; when there is no longer limitless demand for steel for war purposes, this shortage of markets might be a very serious factor?—A. Well, yes. But surely, Mr. Blackmore, you would not suggest that we keep on producing steel until we achieve such a surplus that we wreck our own markets? After all, there are going to be other forms of labour in this country besides steel production. I would think the management of any steel industry would gauge its markets in accordance with demand, and it is not going to employ men just for the purpose of overproducing. There will come a point when the industry itself will get out of the market and they will produce no more; and to the extent that there is other labour in the country, they will have to go to other industries to find work.

Q. But when the steel industry comes to that point, it will begin to put men out of work and cause unemployment, will it not?—A. Well, I do not know that it will put men out of work. What I was suggesting is that the industry, as a matter of course, would reach a point where it has got to its optimum market and then it will operate on that basis.

Q. Just as soon as they begin limiting production in any way, they will begin to raise costs per unit?—A. No, they can get production to a certain level. Production at any good level is bound to carry costs at some good level.

Q. Just the minute the steel industry begins to realize the full production it can sell, then it will begin to restrict production?—A. Or stop further expansion.

Q. Which, in either case, will cause unemployment?—A. You mean that there will be fewer men in the steel industry?

Q. If you take the steel industry as such; that would apply to these other industries?—A. That has been your general problem. All a government can do is to produce an economic atmosphere to make it healthy for industry to operate, and if it is able to do that, that is your basis for higher employment. There is a good example of that to-day in the steel industry, where we are asking the Dosco plant to do things which we know are completely uneconomical. That has been done by reason of this shortage. When the government discontinues subsidizing a blast furnace, then the only thing for Dosco to do is to close off that furnace, and produce at a price they can afford to work on. The real meaning of that is that that is not an economical development at all.

Q. If this committee acts upon the advice of Mr. Gordon, what this committee will be doing will be advising the government to set a limit to the increase of wages of labour at about 10 cents an hour, and if what I am suggesting regarding the market with respect to steel should apply, then there is very little prospect that labour in steel has any opportunity of having increased wages in the future?—A. I would say that depends entirely on the market.

Q. I believe that pretty soon we will see the time when markets are going to be greatly in demand, and, perhaps, there is going to be a shortage of markets. Therefore, if we limit the demands given to steel workers at the present time to 10 cents an hour we would be, in a way, placing a ceiling on the possible income of the steelworkers for, perhaps, three or four years?

—A. It seems to me that you are missing an essential point; that I have said before the real interest in the workers is not getting more money dollars, but to maintain the value of the dollars he is getting. If he gets these increases then we will have a substantial increase in prices. The workman cannot keep up with an inflationary raise in prices. He is the one who will suffer every time.

Q. That is a problem that we must be capable of solving?—A. And we cannot solve it in this immediate instance by increasing costs.

Q. We cannot solve it by decreasing wages to where a man employed in steel will not be able to buy sufficiently.—A. That becomes a matter of degree, and if you examine the statistics you will find that the increase of wages is higher than the increase in the cost of living index. Wages have increased well over 45 per cent. The real money income of the workers, over this period, has improved substantially. What we are discussing in this committee is a question of degree; has the workman been fairly compensated having regard to the increased cost of living? My answer is that in any statistics that you look at, he most certainly has been, and if he presses his case much further merely because he is in a bargaining position to-day, then he must risk that what he will gain in money income will be offset by that what he loses in his personal costs.

Q. That is taking a short range view of the situation?—A. Yes.

Q. What we must consider is a long range view of it?—A. You won't have much of a chance with your long range view if you wreck the short range view.

Q. Might I just read a quotation, and then ask Mr. Gordon a question on that quotation? This is a quotation from Chester Bowles who was once chief of the O.P.A. in the United States, a position very similar to the one Mr. Gordon occupies.—A. Now happily retired.

Q. He is now chief economic stabilizer of United States. He is retired and has assumed even greater responsibilities.

Q. The chief economic stabilizer of the United States said at page 53 of his recent book, "Tomorrow without Fear":

Basically it is on wages and salaries that we must count for mass purchasing power.

Mr. Bowles' whole book is on the necessity for an increase of purchasing power now, notwithstanding all the troubles of production which they have in the United States with which Mr. Gordon is quite familiar. Now then, does Mr. Gordon agree that principle would apply in Canada also?—A. I am afraid you have compressed Mr. Bowles' books into much too short a range to be a fair analysis of it.

Q. I have endeavoured to take the essential point from the book. Having gone through the book with considerable care I would pick out this sentence as being the essential summary, shall I say, or essence of the whole book in this respect.

Basically it is on wages and salaries that we must count for mass purchasing power.

The conclusion would be if we in Canada do not take serious measures to increase our wages and salaries against the time when we shall have an abundance of production then we shall be disobeying the application of that principle or disregarding it.—A. I do not suggest I have read the book with the care you have, but I would not say that your interpretation is exactly correct. I would assume what Mr. Bowles had in mind was that wages and salaries being the main support of purchasing power the most important thing is to maintain a high level of employment and not have periodic booms and depressions. He is not necessarily talking there about the need for constantly increasing wages and salaries. I should think he is talking about maintaining them.

By Mr. Homuth:

Q. Maintaining the national income?—A. Maintaining the national income, if you will.

By Mr. Blackmore:

Q. The committee will be interested in this summary. I am not going to read it through. It is a summary of the whole purpose of Mr. Bowles' book by the publication called "Labor" in the United States, which I believe is a rather dependable periodical. The heading of the article is:

Buying power of the masses must be vastly increased to avert depression, Bowles says.

I think probably Mr. Gordon will confess that my general concept is very much the same.—A. Again you have got to look into it to see what he is comparing with that. I am quite certain he has brought out the point that productivity in the United States is increasing very substantially, and in order to maintain production it is necessary to maintain employment which of itself will increase purchasing power in the light of higher production.

MR. SMITH: May I say that Mr. Walter Reuther in this morning's paper disagrees with that. He says it is going down. He wants meetings of management and labour to step it up.

MR. BLACKMORE: What is going down?

MR. SMITH: Productivity, referring to the motor car industry particularly.

MR. BLACKMORE: There is not any doubt in the world that production will go down just as soon as people stop buying, and people will stop buying just as soon as they no longer possess adequate purchasing power. There is no question they are losing the purchasing power they had two years ago.

THE WITNESS: The fastest way to lose their purchasing power is to have inflation.

By Mr. Blackmore:

Q. Yes, and an equally—A. There is no faster way.

Q. A very very close second is to have a deflationary depression. That was proved abundantly in 1929. I think Mr. Gordon will agree with that. I should like to turn to another aspect of this question. I wonder if Mr. Gordon has considered lately the significance of the words of the Governor of the Bank of Canada, Mr. Graham Towers, in his 1944 annual report, page 12. For the convenience of the committee may I have copies of this distributed so that committee members may refresh their minds on this report which I know they have all read. (Pass one to Mr. Gordon and the chairman immediately and to the other members of the committee as rapidly as you can.) May I direct the attention of the members of the committee to the passage which I am going to read to Mr. Gordon from page 12, commencing with the words "After the War," which I presume would apply to the time we are now concerning ourselves about.

After the war, some of those who are now employed will voluntarily withdraw from the working force, and the armed forces may be maintained at a level considerably above their pre-war strength. It seems likely, however, that at least 4,700,000 workers will be available for employment in civilian jobs, or at least 1,500,000 more than the number employed in that sector of the economy at the present time. A working force of this size, at present rates of efficiency, will be able to produce a vastly greater volume of civilian goods and service than Canada has ever known before. By the same token, a vastly increased volume of consumption and capital development will be necessary if this output is going to be fully absorbed and high employment maintained. The adjustments required will clearly be of unprecedented magnitude, and bold planning on the part of labour—

May I just suggest the possibility, right now, that labour is doing some of that bold planning, "bold planning on the part of labour, farm and business organizations as well as government is urgently needed." I wonder if Mr. Gordon has given any thought to that matter. I realize that he is an exceedingly busy man. I would stop here to comment. Mr. Gordon, I think, has done an exceedingly difficult job, magnificently well. Nevertheless, I believe he is very rigidly hampered at the present time in his efforts by conditions over which he has no control, by conditions which are probably the result of the fact that "adjustments of unprecedented magnitude" have not yet been made and not even contemplated, and that the "bold planning" which Mr. Towers says is urgently needed has not yet been made by government, labour, farmers, or by businessmen. According to Mr. Towers, if these measures are not taken, they will put Mr. Gordon under an impossible handicap. Quite clearly, Mr. Towers is advocating a vastly increased amount of purchasing power so as to enable people to consume. My whole reason for questioning Mr. Gordon is to find out, whether or not, if we do not adopt the wise attitude towards this demand for increases, we might not be doing just exactly the thing which Mr. Towers urges us not to do. I leave that to Mr. Gordon. I know, without his having given it some thought, he would not be in a position to answer the question.—A. I am not sure just what the question is.

Q. I just asked if you had given serious consideration to this matter recently?—A. Yes.

Q. Well, have you not gathered from it that the purchasing power should be increased?—A. It seems to me, when we are talking about the need for employing a vastly increased number of workers in steady jobs, it is essential that all concerned, whether government, labour, capital, or management must be prepared to see that the right kind of atmosphere is created. The jobs will not be created if the people who are prepared to risk their capital are not given a reasonable return for their efforts, and if the cost factors are allowed to rise on such a basis, we won't get capital to employ the labour referred to in that particular paragraph. We are discussing here what would be the immediate effect of this particular wage increase. I say to you that as long as we have this price stabilization program, industry cannot absorb increases of that magnitude without forcing prices to an inflationary rise, to a point where we are bound to have a collapse.

Q. Has Mr. Gordon ever heard me say that industry should absorb these increased wages?—A. I am not quite clear what you are advocating. I am trying to find out.

Q. Our big problem is to realize that there is a problem first and that, Mr. Chairman, I submit to Mr. Gordon. No one in the government at the present time appears to have been able to see it, notwithstanding the fact that Mr.

Towers was clearly urging the matter in 1944.—A. I have never observed, all during the time I have been in a position to observe, that the government has not been fully conscious of the fact that they have problems.

Q. Have they made such an adjustment?—A. That can be only a matter of opinion.

Q. If so, I would like to hear what they are, and I would like to hear an account of any adjustment of an unprecedented magnitude that has ever been contemplated.—A. I do not think it is my function to defend the government's policies.

Q. I am not asking you to do that. What I ask you is: has Mr. Gordon ever heard me advocate that industry should absorb these increased wages?—A. No, not to my knowledge.

Q. That is right. That is the whole purpose of my argument. Mr. Towers did not urge in his report that industry should absorb the whole of the costs of increasing purchasing power. Notice what he said.

Hon. Mr. MITCHELL: I think my honourable friend is making speeches instead of asking questions.

Mr. BLACKMORE: All right, I will confine my remarks entirely to questions, and there will be plenty of them before I am done, straight questions.

By Mr. Blackmore:

Q. Mr. Gordon, after reading this over, what Mr. Graham Towers did first was to advocate vastly increased consumption. It is right there, isn't it?—A. Yes.

Q. And he did urge vastly increased capital investments?—A. Right.

Q. Which indicates quite clearly, does it not, that he does not conceive that increased consumption has got to be taken out of the men that are running the industries, because today a thing like that would be an absurdity and I do not think Mr. Graham Towers would advocate it. Now, he does advocate an adjustment of unprecedented magnitude. Mr. Towers says that right there (indicating report)—bold planning on the part of labour—

Mr. CROLL: And farming and business.

Mr. BLACKMORE: And farming and business organizations and the government. He will grant all that was advocated?

Mr. BAKER: Mr. Chairman, on a point of order. Would this not be a matter to be discussed by the committee as a whole rather than with Mr. Gordon as a witness? It seems to me this is a little bit out of his field. Many questions have been repeated, six, seven, or eight times by members of the committee, and with all deference to the members—and I am not referring to Mr. Blackmore, his questions seem to me to be something new—he is dealing with economics rather than the immediate problem in hand. I respectfully suggest the matters with which he is now dealing be referred to the committee to discuss after having heard witnesses, and that in future we all try to arrange to attend meetings regularly, and that we try to avoid asking the same questions two or three times over. I should like to see the work of the committee expedited.

Mr. BLACKMORE: I hope, Mr. Chairman—

The CHAIRMAN: Order, please. Members will surely realize that I have given Mr. Blackmore every latitude in questioning Mr. Gordon. At the same time, the position of this committee today is this; while Mr. Gordon stated that in his opinion there seems to be danger of inflation increasing if wages are increased he does leave the door open for a discussion of the effects of both inflation and deflation. I would certainly permit straight questions on those subjects; but I urge members of the committee not to go in for speeches and long dissertations. I realize also this very important fact, in fairness to all members of the committee, that there are on this committee lawyers who know

the technique of questioning witnesses, but there are also others who do not know that technique, and I must sometimes give broader latitude to such members in putting questions. That is what I am trying to do. At the same time I should like if it is possible, and this applies not only to Mr. Blackmore, but also, for instance, Mr. Gillis the other day; I should like straight questions to be put to the witnesses to bring out the point or to obtain certain information. That is the way I am trying to handle the committee. I am quite sure that every member of the committee is trying to do his best to avoid loss of time, so I hope, with these remarks of mine, members of our committee this afternoon at 3.30 will ask straight questions of witnesses. It being one o'clock we will adjourn until 3.30 o'clock this afternoon.

Mr. ADAMSON: Mr. Chairman, before you adjourn the committee I have a question for Mr. Gordon which I think will require assistance from his department and I should like to ask him now so that during the recess he may be able to get the information. He has said that wages have increased 40 per cent over—I do not know whether it was the 1940 level or the 1939 level. The figures I should like to have are these; the percentage increase in wages over the 1939 level, both the starting rate and the average rate for the following industries—steel, rubber, textiles, automotives, logging, mining and smelting. I do not know whether they are available but if they are I think they would be helpful to the committee.

Mr. CROLL: Mr. Chairman, may I ask Mr. Gordon to obtain this information while he is getting that: the labour cost factor in each one of these industries?

The CHAIRMAN: There will be a meeting of the steering committee in my office at two o'clock.

The committee is adjourned until 3.30 o'clock this afternoon.

AFTERNOON SESSION

The committee resumed at 3.30 p.m.

The CHAIRMAN: Order, gentlemen.

Hon. Mr. MITCHELL: Mr. Chairman, Mr. Smith of Calgary West asked the other day about a statement made by Mr. William Green and he merely quoted from a newspaper. Since then I have obtained a copy of the statement from Mr. Milliman, who is president of the Brotherhood of Maintenance of Way Employees, and I thought I might put it on record. It says that it is for release on delivery, and that:—

Following is partial text of address delivered here today by President William Green of the American Federation of Labor before the convention of the Brotherhood of Maintenance of Way Employees.

Most of it deals with American politics, but the pertinent part is as follows:

I speak as one who firmly opposes permanent government controls over our economy. I believe now and I always have advocated that price controls should be eliminated just as soon as emergency shortages are wiped out.

Existing shortages were created by the war and the aftermath of war. They are rapidly being met as our industrial machine swings into high gear. Inflation thrives on shortages, but collapses with full production. If Congress persists in refusing to adopt an effective OPA law even for only a few more months, the only way we can head off disastrous inflation is to expand production in every possible way until it meets demand. Then prices are bound to level off.

I know there is a strong feeling among many American workers to retaliate against profiteering and Congressional blunders by striking. That is not the wise course. In this crisis, labour must exercise iron self-discipline and restraint. We must refrain from causing any interruption of production, because production alone can save us.

Mr. CROLL: Is that the statement of the A.F. of L. that was objected to as being interference in local affairs?

Hon. Mr. MITCHELL: No. That statement has nothing to do with this enquiry. That has to do with a recommendation, as I understood from a newspaper, given by the American Federation of Labor to its affiliates or chartered organizations, as to continuation in affiliation with the Trades and Labour Congress of Canada by the International Association of Machinists, because they have left the American Federation of Labor in the United States.

The CHAIRMAN: We shall continue with Mr. Gordon.

Mr. Donald Gordon, Chairman, Wartime Prices and Trade Board, recalled.

By Mr. Blackmore:

Q. Mr. Chairman, I desire to ask Mr. Gordon three more questions. They will not be long but I think they will elicit facts pertaining to the general idea I was endeavouring to establish before the committee took recess. I should like to ask Mr. Gordon if he has given special consideration to Mr. Towers' report of 1946, on page 9, a copy of which I will send to him and to the various members of the committee. He has had brought to his attention unquestionably the fact that the production of Canada during the war was 11·8 billions in 1944; 11·4 billions in 1945; and then that the expenditures of government upon the commodities which were being produced were as follows: in 1938, ·9 billion; in 1941, 2·6 billions, obtained by adding ·9 and 1·7; in 1944, 5·4 billions; in 1945, 4·5 billions. I wonder has Mr. Gordon or the members of his department, given thought to the colossal amount of purchasing power which must be put into the Canadian economy to take the place of all that government expenditure in the Canadian economy, what impact that set of facts will have on the whole consuming power of the Dominion of Canada and on the whole need for readjustments, and the bearing which that need may have on the question before the committee of granting these men a substantial increase of wages.—A. I would not regard that as a question that specifically engaged the attention of the Prices Board, no. The question seems to me to refer to a general proposition that there is some plan whereby the Prices Board should fix an appropriate price structure or an appropriate price level by some theoretical plan. That is not the job of the Prices Board at all. The Prices Board was established to halt the inflationary rise of prices that threatened the country in 1941, and we took the index of prices as they had then been established and our job is to prevent those prices from rising in every way that is open to us.

Q. You never are called upon to sit in in committees on, we may say, broad national policy looking to the rehabilitation of the Canadian economy as a whole after the war?—A. No. I have been a member of many government committees but I do not recognize one that would fit into that kind of description, Mr. Blackmore.

Q. In a general way, while this is not a fair question to ask, it is a question which the committee might very logically ask itself and ask the gov-

ernment: if there is not such a committee as this appointed, why is there not? And If Mr. Gordon has not been asked to sit in on such a committee, why has he not been so asked?—A. I could give you a good reason for that.

Q. Probably you have been too busy.—A. That is a fairly good reason.

Q. Probably his deputy might, then. Mr. Chairman, that is one matter I wished to ask Mr. Gordon about. Now I should like to find out, Mr. Chairman, if possible, if there really is anything being done by the government to meet this situation which is clearly foreshadowed by these figures. There is a quotation, a very short one, on page 9 of the same bank report, in the third paragraph that begins with "Clearly" and reads as follows:—

Clearly it is the first two items in the expenditure table, comprising total government outlay, which represented the main driving force behind the very high level of activity which was attained during the war period.

I should like to ask Mr. Gordon a question just on that sentence before we read the next one. Yesterday, as I recall it, he used the expression before the committee that the main thing which provided the driving power during the war was the united effort of Canada in its desire to win the war.—A. Correct.

Q. That hardly seems to be in conformity with this statement, does it?—A. It seems to me it makes that very statement, does it not?

Q. It seems to me this statement very definitely conveys the fact that there was an enormous amount of government spending.—A. Certainly. But it was government spending in the war effort. That is what is meant there, the enormous amount of government spending referred to in that report does refer to the costs of war.

Q. After all, it was government spending that provided the financial impetus that drove the war effort forward?—A. Quite so; and that is what the statement says.

Q. And it was that government spending which did give the high standard of living to the Canadian people which resulted from the war?—A. It was government spending that made the enormous production for the purposes of war possible.

Q. Exactly; because that government spending provided, first of all, a virtually limitless market for all Canadian production and it also provided a stable and profitable price structure.—A. Quite. But that can only be a temporary matter, because you must keep in mind that all production for war in an economic sense is complete waste.

Q. Exactly. But now that we have come to peace, if the government is going to maintain a high standard of production and a high standard of profit and prosperity in the Dominion of Canada, it must provide for some means of spending to take the place of the dominion government's great spending in the war. —A. It seems to me that the second sentence of the paragraph in question provides the answer you have in mind.

Q. I will read that in just a minute. But the question stands just the same. This is a challenging question, is it not?—A. Yes.

Q. "Canada's problem now is to expand the other types of expenditures . . ." —That is a vital statement— ". . . and particularly domestic private investment and domestic consumption, in order that there will be compensating stimulus as government outlays decline in their post-war level." I think I hardly have to ask a question. Is it not obvious that if spending power is not to be brought about by additions to wage levels then some other device must be used, and such other device has not yet been suggested by this committee or by anyone in the country? That ought to be a logical question.—A. I find myself terribly confused on the questions because it seems to me they are about a short term emergency plan, which I am supposed to deal with, and a long term political philosophy. I cannot attempt to bridge the two questions and answer them intelligently.

Q. There has not been a suggestion of a long term political philosophy.—

A. That has not to do with a short term emergency period of inflation. That statement is referring to how we obtained high purchasing power and, as a result, obtained a high standard of living for the populace of the Dominion of Canada. It is entirely out of the question in regard to the immediate emergency as to how we can control a disastrous inflation.

Q. It is a fact, however, that our decisions to-day will have a vital effect, perhaps, upon a period for two or three years of the rehabilitation program in Canada, and secondly, if this might be a short term decision it is part of the decision this country has to make?—A. Surely, the essential point as to what we are struggling with to-day is that it will result in a disorderly adjustment if we get into these post-war demands. If we have to go through inflation and then a collapse, we will find ourselves in a very disordered condition. You can look beyond that period and try to think through what is going to happen in the future and with the inflation situation as it is to-day, I cannot agree with you that a long term plan would certainly apply.

Q. At the same time it must be acknowledged as true that if the result of the decisions we make now were a destruction of production that we would have a disorganization of the machinery in Canada?—A. I do not follow your logic.

Q. If these strikes?—A. If labour makes up its mind that it does not want to act with the restraint that is necessary to make the control of inflation possible, then I agree with you that they have it in their power to blow the whole thing up. If they are determined that they will continue with their bargaining power, then no organization can control the result of inflation. Perhaps some people may be of the opinion that they prefer that. It is up to them to advocate that, and they should advocate it openly.

Q. What Mr. Gordon has said is that he is laying the blame on labour?—A. Not at all. I do not mean that at all. We are simply discussing labour and using labour as an example. The same thing applies to everyone in the country, for instance, the agricultural worker. The manufacturer has to use the same kind of restraint. He has to be content not to force up the market prices, but to accept these controls.

Q. It means the announcement to labour that the dominion government and industry cannot or won't yield, so labour must?—A. No.

Mr. CROLL: No, no.

The CHAIRMAN: The members must be warned not to put words in the mouth of the witness.

Hon. Mr. MITCHELL: If I may say so, I know what my good friend is trying to do. He is trying to prove the theory of Social Credit.

Mr. BLACKMORE: You have no right to assume that.

Hon. Mr. MITCHELL: I do not think this is the time or place to prove that. We have a problem to deal with; there is a strike on at the moment, and there may be a time when that philosophy may be the solution of all our ills. I do not know. We should get down to the practical point of view. The steelworkers want 19½ cents an hour increase, or whatever it is, and it is said that the machinery for settling that is not what it should be. I would say that the discussion of a theory as to money should be referred to the banking committee.

Mr. BLACKMORE: Actually, the Minister of Labour and Mr. Gordon brought this matter in. I never opened it. I have based every single remark I have made on statements made by Graham Towers.

The CHAIRMAN: I want it understood that no member of this committee has the right to interpret the answers given by a witness. The witness speaks on his own responsibility and the committee must accept the answers as they

are given by the witness himself. I would, therefore, suggest that you not try to give a meaning to the answers given by the witness. The answers are on record, and the committee will pass judgment on them later on.

Mr. BLACKMORE: All I am trying to do is to imitate those highclass lawyers I have heard before.

Mr. MAYBANK: I know that Mr. Blackmore did not refer to me. In the second place, he should not attempt to imitate them because he is deliberately breaking a trade union rule in doing so.

Mr. SMITH: May I intervene at this point? I put my intervention on this basis. If I judge correctly by what I have heard throughout the country and have seen in the newspapers, I believe there is criticism that this committee is not making sufficient progress. I, therefore, move this motion that, if necessary, our procedure be altered to permit a speedy conclusion of the evidence in the matter of the steel strike; that we finish with Mr. Anson, and then invite Mr. Millard to reply, and further, that this committee sit this evening with a view to concluding this part of our enquiry. I think we have taken Mr. Gordon over the ground several times forward and backwards, and he has answered many questions that have been asked many times. It seems to me that we should conclude with Mr. Gordon shortly, and we may well leave the representatives of the Department of Labour, because we had Mr. Justice Roach which was the end point in what had been done by that department. With great respect, and if I can get somebody to second this motion, I would request that the committee consider it. If there is any great opposition I will withdraw it, but we have now been going on for pretty nearly two weeks, and it seems to me that this country asks, and is entitled to ask, that having regard to the volcano upon which our economy is sitting we should get through the evidence of the steel men today, and failing some agreement on it tomorrow then the committee should make an interim report to the House of Commons. In that way I think we can make some progress.

Mr. SKEY: I second that.

The CHAIRMAN: Is there anybody who wants to speak on the motion?

Mr. MAYBANK: Mr. Smith was not present at the steering committee meeting. Mr. Adamson represented Mr. Smith there, and at that time the steering committee dealt with this very matter. Mr. Millard was anxious to know when he could come back to give evidence in rebuttal, if I may put it that way. He was anxious it should be soon. Everybody agreed with him on that. It was said in the steering committee, and all of those who were there representing labour agreed, that it was desirable before Mr. Millard did come on to have the case, whatever the case is, of the Department of Labour presented. I recall speaking in the meeting back and forth with Mr. Millard, and that was made very plain. I would not think I could depart from the point of view then expressed in the light of the conversation that then took place with the representatives of labour, but with everything else that Mr. Smith has said I am in agreement. For example, as to his general remarks about speeding up, his remarks about meeting tonight if necessary, I agree, but on the other point I rather think we are committed there.

Mr. SMITH: May I withdraw that. Let us confine ourselves to the motion to sit this evening to see if we cannot make the progress which the country expects of us.

The CHAIRMAN: I might point out, Mr. Smith, that the steering committee will meet at 6 o'clock for the consideration of very important matters. That meeting may last one or two hours. I do not know. As far as I am personally concerned I am ready to sit from 6 to 11 o'clock tonight, but it has been decided in the meeting of the steering committee held just before we resumed that we

would meet at 6 o'clock tonight to discuss very important matters that came before us this morning. I think Mr. Johnston was present, and I think every member of the steering committee can corroborate me on that point.

Mr. SMITH: I am not bucking the committee. I think we should move to sit tonight anyway, and let the witnesses come on in what order we have them. Let us try to hurry this matter up and get to first base somehow.

The CHAIRMAN: I think these remarks should be applied also to every member of the committee that they should restrain themselves in every way possible in the cross-examining of the witnesses. I have the motion before me, and I understand that you will withdraw it? Is that your intention?

Mr. SMITH: Perhaps you would prefer that I would withdraw it. I should like some general agreement that we should sit this evening and try to get along.

Mr. MACINNIS: Mr. Chairman, I rather think that the rest of the steering committee has been taken at a disadvantage. Mr. Adamson was representing Mr. Smith at the meeting of the committee. Then he goes down and reports to Mr. Smith and Mr. Smith moves a motion in the committee on some of the things that the committee had decided to do. If Mr. Smith will move that we sit tonight I for one will support it, but the other matters he raised were under consideration by the steering committee and they should be left until such time as the steering committee meets this evening and has an opportunity to deal with them.

Mr. SMITH: I will move that and that alone. Will you second it for me?

Mr. MACINNIS: I will second it.

Mr. JOHNSTON: That question of sitting tonight was brought up before the steering committee. That is the thing we were going to discuss at 6 o'clock. I understood that was the reason that the steering committee was going to sit. If we are going to have a steering committee let us have it, and let us have matters run by the steering committee.

Hon. Mr. MITCHELL: I want to say that the deliberations of this committee are largely in the hands of the members themselves. I think what has been said by one or two speakers that there has been a constant repetition of questions is true. There is not any doubt in my mind that we could have been two days ahead if there had not been that repetition. I say that not in any spirit of criticism but that is the fact.

There is another very important thing, too, in my judgment, and that is the machinery of the Department of Labour. It has been said that it is slow and all that sort of thing. That is a bigger thing in my judgment than any of the questions before us at the moment. The steel strike is not the only strike. The question is whether the machinery has functioned as it was supposed to have functioned. The only way this committee can find that out is by hearing from those who are responsible in the Department of Labour on that very important question. As you all know this strike has been called in defiance of the established machinery that has governed industrial disputes in this country for the last three or four years. As I said the other day much more than 80 per cent have gone through that established machinery. It may be that out of the deliberations of this committee they will find better machinery. I hope they do if that is possible. They may be able to indicate a course that would set up machinery that would be satisfactory to everybody, but that machinery being the product of human institutions is bound to fall down occasionally on the law of averages. I think in justice to these people, the War Labour Board, the Labour Relations Board and the other officials of the Department of Labour, their point of view should be heard by the country. I think it is vitally important. It is just as important as anybody who has appeared before this committee, because after this dispute is past and gone like all disputes pass and go, there will still have to be machinery to face up to the problem of

labour conciliation in the dominion and the various provinces of this country. I make that very short observation that I think that is essentially necessary. Let us keep our feet on the ground, and let the witnesses get along just as expeditiously as we can possibly do so in the light of the questions that members wish to ask.

Mr. SMITH: If I have the seconder's permission I will withdraw the motion. I thought I was saving time. Apparently I was wasting it. Do you consent to withdrawal?

Mr. MACINNIS: Yes.

Mr. BLACKMORE: Since the committee has apparently decided it wants to make very rapid progress, a thing which I have not seen during many days in the past, I will be pleased to refrain from further questioning of Mr. Gordon until a future time, in the hope that the committee may expedite matters and find a solution for this difficulty which will not demand that labour go all the way.

By Mr. Croll:

Q. Mr. Chairman, I have one question I want to ask Mr. Gordon. It arises as the result of the answer to a question by Mr. Smith. I understood that the Wartime Prices and Trade Board and the War Labour Board were operating in sort of airtight compartments with very little, if any, liaison between them. That was the answer, I think, given to one of Mr. Smith's questions. That is a serious matter.—A. Well, if I conveyed that impression, I am afraid I did not understand the full import of the question. I was addressing myself specifically to the application made by the Steel Company; but, in general, there is constant discussion and liaison between all the departments of government in matters affecting the prices board. We have full discussions with the Department of Labour, the Department of Trade and Commerce, the Department of Agriculture and other governmental departments in respect to any such matters affecting departments of which they would like to offer advice or have our judgment; and, as a result of meetings of officials between the departments, representations are made to us in our capacity as advisers of the government.

By Mr. Smith:

Q. Let us straighten this out. Your answer this morning was that there was no direct contact between your department and the National War Labour Board, and that the only contact was that Mr. MacNamara, being the Deputy Minister of Labour, was a member of your committee. Is that correct? —A. What I had in mind was what I think of as official liaison; that is to say, I am not a member of the National War Labour Board; nor is any member of the National War Labour Board there representing the prices board. On the other hand, Mr. MacNamara is officially appointed a member of the Wartime Prices and Trade Board; but in addition to that, there is regular, constant, departmental communication and discussion between officials affecting all sorts of subjects that arise in the course of a day's work. Informal committees are constantly in operation discussing various aspects of wage control orders, for example; and in the case of these discussions, officials, in their capacity as advisers to the government, to make recommendations from time to time.

Q. We will say that the steel workers down in Nova Scotia—as they have done—made an application before the National War Labour Board. Were you consulted by the National War Labour Board?—A. Was I consulted by the National War Labour Board? No.

Q. No. The honourable minister is trying to be helpful and is looking for suggestions of improvement. I say you cannot act separately without close coordination of those two very powerful bodies. So your answer is that there

is no consultation between your board and the action of this board in connection with such a question as a rise in wages. My main reason for asking: in the prices board there is no contact, in any given case. Is that correct?—A. I find it difficult to know just exactly what you have in mind. May I put it this way: if there is a specific wage application being dealt with by the National War Labour Board, it is within the authority and jurisdiction of that board to reach a decision and we are not consulted as a prices board in regard to that decision; but if the matter were one having to do with part of the whole stabilization programs, as for example, the type of wage control order that should be put into effect, in order to mesh in with the stabilization program, then, of course, with respect to that. There would be consultation between the officials, but we do not enter into each other's field of jurisdiction because in that way, I think, confusion would arise.

Q. Take this present steel situation. Let us assume that instead of adopting the procedure which the men did, they had gone to the National War Labour Board; and say they had brought in an increase of 15 cents an hour; would you, prior to the bringing in of that wage rate, have been consulted as a board by the National War Labour Board?—A. I cannot give a positive answer to something that did not happen; but my guess is that if there had been an increase of that magnitude in contemplation, that there would have been some discussion, that is, as to what the affect of such an increase would be. We may be asked to express an opinion as to the affect of that, but we would not be asked to rule definitely on whether or not that wage increase should be specifically granted.

Q. I understand that; but the fact of the matter is that, although it can happen, it has never happened before in any given case?—A. It has never happened before in any given case, not to my recollection.

By Mr. MacInnis:

Q. Was the Wartime Prices and Trade Board consulted either by the Department of Labour or by the National War Labour Board in connection with the wage increase to the woodworkers in British Columbia, before that increase was granted?—A. My difficulty and reason for being hesitant is only that I want to be completely honest. It is the case that in the ordinary day's work, there are discussions between officials about specific applications of that character. We might discuss things among ourselves and express views between ourselves; but from the standpoint of official representations, the answer is "no".

Q. What is the difference between an official representation and discussing a thing informally? You give your opinion to the National War Labour Board or to the Labour Department, as the case may be. When does the thing cease to be official and become informal?—A. When the officials are instructed by the government to form themselves into a committee informally or otherwise, they meet to discuss it and to bring recommendations to the government; that becomes official. But if I happen to meet Mr. MacNamara across the luncheon table and he says to me: "What do you think about the strike in British Columbia," and I express my opinion in one form or another, I do not regard that as official.

Q. But would Mr. MacNamara regard it as official?—A. I do not think so. I would say that Mr. MacNamara might ask me what I thought about conditions in the United States or in Spain, and I might express my view.

Q. But the Department of Labour does not have to settle disputes in connection with the United States or Spain.—A. "Official expression" means when the government asks us in our official capacity to express an opinion.

By Mr. Maybank:

Q. In general you have been indicating that somewhere in the neighbourhood of 10 cents in the way of an increase is about as far as it would be safe

to go; and you have been indicating too, I believe, with production being as it has been, that is part of the predicate upon which your views are based.—A. I did not hear the last few words.

Q. I say: you were predicating your answer upon the idea of production being about as it has been, and you projected it to continue about as it has been. Now, I would like to ask you whether, if labour could demonstrate that it can increase production in the steel industry, a higher wage increase would be justified?—A. Well, I have tried all through, in regard to the specific case of steel, that if in any industry increased production can be achieved, then it should be possible for that industry to pay a higher wage. And I also point out to the committee that the impact of a wage increase such as we are considering here is as big a worry in the case of any other industry as it is for the steel industry.

Q. If this were to become a precedent for another industry, if we were to have a precedent for another industry, of higher increases based on greater productivity, the same pattern for another industry, would it be a good acceptable policy? Would it not, if the other industry's position were placed on all fours?—A. If productivity can be achieved step by step with wage increases then I do not think there is much to be worried about.

Mr. HOMUTH: Mr. Chairman, some of these gentlemen around the board, some of our legal friends talk about productivity of industry. Apparently by some of their questions they do not know much about it, the very fact that it is repeated here so often. There are certain machines that do a certain job. It does not matter how you fix the employees you cannot get any more than so much from the machine. Let's get it down to fundamentals when you are asking questions about productivity of industry.

The CHAIRMAN: Are you through with Mr. Gordon?

Mr. CROLL: What about the answers to the questions that were asked at adjournment time?

Hon. Mr. MITCHELL: We will table them as soon as they are ready.

Mr. ADAMSON: Mr. Gordon was going to bring me certain information, was he not?

Mr. CROLL: The Minister of Labour is getting it for you, Mr. Adamson.

The witness retired.

Mr. Clement Anson, General Manager, Sydney Steel Plant Division, Dominion Steel and Coal Corporation, Sydney, N.S., recalled:

The CHAIRMAN: Order please.

By Mr. Robinette:

Q. Mr. Anson, you were asked the last day you appeared to produce for the committee a statement of the result of operations and government subsidies in connection with the Sydney Steel Plant covering the years from 1939 to 1945, and I see that you produce a letter signed by your auditors, Price, Waterhouse and Company, dated July 25, 1946, giving that information?—A. That is right.

Q. For the year 1939 there was a profit of \$155,594. Is that correct?—A. That is correct.

Q. And no government subsidy?—A. No.

Q. For the year 1940 there was a profit of \$393,102—no subsidy. Is that correct?—A. Correct.

Q. For the year 1941 there was an operating loss of \$1,297,294; then you were given what is called an excess freight allowance of \$1,810,000, so that you were able to show a net profit of \$512,706? Is that correct?—A. Correct.

Q. In the year 1942 there was an operating loss according to the statement of \$3,897,453; there was an excess freight allowance of \$3,543,485; showing a final loss of \$353,968. Is that correct?—A. Yes.

Q. Then in 1943 there was an operating loss of \$10,819,417 and in that year you obtained a government subsidy of \$5,248,468 plus an excess freight allowance of \$4,430,362, making a final loss for that year of \$1,142,587? Correct?—A. That is correct.

Q. In 1944 there was an operating loss of \$6,625,412, and a government subsidy of roughly \$4,000,000 and an excess freighting allowance of \$1,732,000 odd, and a final loss of \$809,448. Is that correct?—A. Correct.

Q. Then in the year 1945 there was an operating loss of approximately \$3,000,000, and a government subsidy of approximately \$2,000,000, an excess freighting allowance of a little over \$1,000,000, leaving you with a final profit for the year of \$35,818. That is the picture with reference to the Sydney Steel Plant?—A. That is right.

Exhibit 23: Letter of Price, Waterhouse and Company, dated July 24, 1946.

Q. Then in addition to that at the request of the committee you produced for the perusal of the committee the financial statements for the years 1939 to 1945 inclusive of the Dominion Steel and Coal Corporation Limited and subsidiary companies. Is that correct?—A. Correct.

Exhibit 24: Financial statement of Dominion Steel and Coal Corporation and subsidiaries, 1939 to 1945 inclusive.

By Mr. Smith:

Q. Are those subsidiaries wholly owned or just controlled?—A. Wholly owned.

Mr. MACINNIS: Will that be on the record?

The CHAIRMAN: That is what I am discussing with counsel. That is what I have suggested. He says it is a lengthy statement.

By Mr. Robinette:

Q. This exhibit shows the consolidated balance for the years 1939 to 1945. This does not show the operating profit in each year.—A. I cannot answer that question. That statement has to do with Dominion Steel and Coal Corporation Limited and subsidiaries. My duties are confined to the operation of the Sydney Steel Plant, one of the subsidiaries.

Mr. ROBINETTE: This statement as produced is only the balance sheet which will not give you any indication of the annual operating profit of Dosco. I just put it in to be filed. We can look at it later.

Mr. MACINNIS: Doesn't it give the amount of the reserve and other matters that are important in the balance sheet?

Mr. GIBSON: I presume it gives the changes in working capital.

Mr. HOMUTH: If it is a balance sheet it would give that.

Mr. ROBINETTE: Take 1939 as an example, the assets, the properties and plant of the company had a valuation at the time, at December 31, 1929—

Mr. MACINNIS: 1939?

Mr. ROBINETTE: 1929—this reserve for depreciation was \$32,492,382.33. Then, additions since 1929 amount to \$7,842,237.14, making a total valuation as of 1939 of \$40,334,619.47, less reserve for depreciation of \$11,946,523.45; making a net worth as of that date of \$28,388,096.02.

Mr. CROLL: Is that brought up to date?

Mr. ROBINETTE: This is the balance sheet of 1939 that I am reading as an example of what is contained by way of information. Then they say, Investment in stock and securities of associated companies, approximately \$2,000,000. Inventories and stocks of subsidiary companies not consolidated, practically \$5,000,000; and they show cash in the hands of the trustees for bondholders, and then inventories at \$13,000,000.

Mr. MacINNIS: What was the cash on hand?

Mr. ROBINETTE: The cash in the hands of the trustees for the bondholders, \$56,664.80. As against that on the other side you have a total picture of the funded debt, of the prior lien bonds and wages accrued, and a statement of the capital stock—if you were trying to work by questioning, over the period from 1939 to 1945, that would be impossible.

Mr. GIBSON: You would have to retain a chartered accountant if you want to deal with that.

Mr. ROBINETTE: It is here and will be filed as an exhibit (exhibit 24). That is not an annual operating statement, that is merely a balance sheet.

By Mr. Robinette:

Q. Now, Mr. Anson, I asked you some questions last week with respect to which I should like a little further explanation. For instance, I have in mind, on page 213 of the evidence, you make some observations on the interest which members of the union display in the affairs of the union, and you seemed to indicate that because the union had only 200 present its members were not showing much interest in the union? I suggest to you that might be a little bit unfair. The fact of the matter is that a large proportion of the members have signed voluntary check-off cards, have they not?—A. Yes.

Q. And I suppose that at a union meeting all the members could not possibly be present at the same time because they work on different shifts?—A. That is correct.

Q. Have you any other reason for suggesting that the members of the union did not take any substantial interest in the affairs of the union?—A. Just as outlined there.

Q. Just as stated there?—A. Yes.

Q. At page 222 you give the figures, or some statement concerning the hourly rates. As I understand it, your minimum common labourer's rate is now 59½ cents an hour. Is that correct?—A. Yes.

Q. And that is where the existing differential of 5 cents comes in?—A. There is a 5 cents differential between our minimum common labour rate and that paid at the plants of Stelco and Algoma.

Q. Yours is 5 cents less at the present time?—A. That is correct.

Q. Does that differential apply to all the classifications of employees, or is it confined to the common labourer? Is there a differential of 5 cents across the board?—A. It does not apply to all rates in the amount of 5 cents. It does not apply to all rates in any amount. That differential, so-called, arose out of an award by the regional board in Ontario which gave to Algoma 5 cents on their basic minimum common labour rate, 4 cents on some rates—I do not know the exact figure, but it was 5 cents, say, from 59½ to 65 cents; 4 cents from 65 cents to 70 cents; 3 cents from 70 cents to 75 cents, and so on. It was a diminishing scale of increase that the board gave.

Q. Yes. So that if it is to be put on a basis of equality the union demand at Dosco is higher than the union demand at Stelco. That is obvious?—A. Yes.

Q. You indicated the other day that your company during the course of negotiations made no offer of settlement whatsoever as to an increase in wages?—A. That is correct.

Q. And what position do you take as to the possibility at the present time of making some concession as to wages, or making some offer?—A. I think I covered that already in my presentation to the board. Since 1941 the company has been losing money to the extent shown in the figures given. Today, even with the recent steel price increase, it is still losing money. Therefore I do not see how I can offer anything to the union. I have not got it to offer.

Q. You say in 1945 you had an operating loss. Do you state that even with the increased price that you have been given in steel you will have a loss on operations for 1946?—A. I say up to this date we are losing money, even with the increased price, and that our best estimate for the year is that we will not make a profit for the year.

By Mr. Gibson:

Q. Do you know what your subsidy might be this year? Has that been indicated to you yet? Or do you get that subsidy after you have shown your losses for the year? Is that determined then?—A. I am not completely familiar with that. I would rather that question be answered by someone a little more familiar with it than I am.

By Mr. Robinette:

Q. But the subsidy arrangement is still in existence to that extent; that does contemplate that your loss will be covered?—A. I do not think there is any such understanding as that; but as I say, I am not fully familiar with it.

Q. I suggested to you last week, to bring the matter up to date, that your position as far as wages are concerned is that it may be primarily a matter between the government and the wage earner and that the company, because of its position, has to stay neutral?—A. My answer now is the same as it was then, that we cannot stay neutral.

Q. Yes?—A. That some day we shall have to operate that plant presumably on our own, and we cannot stay neutral now and perhaps see our future position jeopardized by somebody else's action.

Q. You do not offer any increase in wages because you cannot pay them, but you are looking forward to the day when you may be able to operate at a profit. Do you think the wage earners there today are being fairly paid? In other words, if you had the means to pay, would you offer an increase?—A. I would say this, that the workers of that industry have certainly gotten out of it all that they possibly could in the past years.

Q. That is not quite answering my question. You plead inability to pay. Somebody else may have to pay the wages. If you could pay them, do you think it would be fair, having your knowledge of living conditions in the community, to make an offer, say, of 10 cents an hour such as was made by Stelco?—A. I cannot answer that question yes or no. When and as the time comes that we may be operating there and showing a profit, then in the light of circumstances that exist at that time we shall be able to make up our minds what portion of that should be granted in the way of wage increases.

Mr. CROLL: Then if they are bad managers and do not make a profit, you take it out of the employees.

Mr. SMITH: What was that? I could not hear it.

By Mr. Croll:

Q. I say if you are bad managers and lose money, then you take it out of the workers. Is that what you mean?—A. If I am a bad manager, I get fired.

Q. Then if the next one is just as bad?—A. He gets fired too, I suppose.

Mr. SMITH: Oh, that does not follow.

Mr. HOMUTH: Oh, no.

Mr. CROLL: I asked him if it followed.

By Mr. Robinette:

Q. What do you say to Mr. Croll's question?—A. What is the question?

Mr. HOMUTH: He did not ask a question. He made an assertion.

By Mr. Croll:

Q. Oh, no. You answer it, then. If the company runs its business badly

and they lose money, does it follow that you take it out on the workers?—A. We have not been in that position. Our plant has not been run badly. I cannot answer it until that happens. If I ever got in that position, I could answer it.

By Mr. Robinette:

Q. Mr. Anson, coming to your relations with labour, you indicated the last day, generally speaking, what your relations with the union were but you felt in one instance that they had not lived up to their contractual obligations. Do you want to say anything more about that? I suggested that the Rand formula might be of some use to you.—A. No, what I said last week covered the situation. Our relations with the union in the past few years have been reasonable except on this one point of having stoppages of work.

By Mr. Gillis:

Q. Mr. Anson, your statement to the committee with respect to the union in regard to the observance of the agreement would lead us to believe that relations between the union and the company were not all that could be desired?—A. Our relations were good with the one exception, and we regret the fact that the union has not lived up to its contract.

Q. You stated that the union hall will only hold 250?—A. About 200.

Q. I happen to know that hall very well, and it will seat 400?—A. I have been in it, too.

Q. I would like to ask you this question. How many shareholders have you in the Dominion Steel and Coal Corporation?—A. I do not know.

Q. What percentage of them do you get at an annual meeting?—A. I do not know.

Q. Your answers, then, would indicate that you do not meet very often, or are you not privileged in attending the annual meetings?—A. I am a shareholder and have attended annual meetings.

Q. You could not tell us what percentage of shareholders you have who attend?—A. I do not know how many we have.

Q. The company does not keep you informed very well?—A. I am an operating man, and I do not think it would add to my capabilities in operating the plant whether I knew there were 6,000 or 9,000 shareholders.

Q. Unless you get 100 per cent representation at your annual meetings, it would be an indication that those who were not there were not interested?—A. There is such a thing as a proxy.

Q. I notice an article in the *Halifax Herald* that I find hard to reconcile with the statement made to the committee in respect to labour relations and production in the plan. I think, Mr. Chairman, that I would like to put this statement on record because it is revelant to Mr. Anson's evidence before the committee on the point of labour relations in that this statement sets out an official letter written by Mr. Anson to the union complimenting them on the production.

The CHAIRMAN: Would you let Mr. Anson see the statement to see if it is correct?

Mr. CROLL: Why not let Mr. Gillis read it?

The CHAIRMAN: I think that in all fairness to the witness that you should give him an opportunity to peruse the statement before you read it. You should not misunderstand the fact that the witness is under oath and the members of the committee also have the obligation to extend fairness to all witnesses. It is my suggestion that the article be given to the witness and he will declare, under oath, whether it is true or not. Then you can ask him to put it on the record.

Mr. CROLL: It is immaterial to me.

Hon. Mr. MITCHELL: Let him read it.

By Mr. Gillis:

Q. Did you see this article also in the *Post-Record*?—A. I have not seen the *Post-Record* since I left home.

Mr. GILLIS: Mr. Chairman, do you rule that I should give it to him, and let him read it?

The CHAIRMAN: It is only a suggestion I am making.

Mr. GILLIS: I myself think the article is important. I would ask Mr. Anson to read the statement to the committee.

The CHAIRMAN: You will have an opportunity to cross-examine him on this later on.

The WITNESS: This statement mentions two letters, one of which I wrote myself and one which I did not write, but was responsible for it having been written, but it does not mention a third one I wrote to the union about 1938, thanking them for the co-operation they were giving us at the time.

By Mr. Gillis:

Q. Do you think that statement is correct?—A. Yes.

Q. You have no objection to me putting it on the record?—A. No.

Q. Will you please read the statement?—A. This is from the *Halifax Herald*, dated July 26, 1946.

Sydney steel union officials tonight expressed "amazement" over Dosco general manager C. M. Anson's charges of "bad faith" and failing to live up to their contracts, of demanding privileges without being willing to accept corresponding responsibilities. A union statement said in part: "Mr. Anson's statement is in sharp contrast with his views of the last few weeks. Four weeks ago, the union (United Steel Workers of America) received a nice official letter stating that their production records had been broken. Two weeks ago we were notified the open hearth had set a new production record. In fact, cigars and cigarettes were passed around to mark the occasion." In his remarks before the Commons industrial relations committee yesterday, Mr. Anson claimed the strikes "point to a deplorable lack of respect on the part of the union or its members for the sanctity of their contract with the employer. What Sydney needed," he said, "was employer security, instead of more union security which was demanded." A union officer produced a copy of a "text of achievement letter" received by the corporation from the United States Navy in February, 1946. The letter read: "Gentlemen: It is my pleasure to advise you that the War Supplies Ltd. has been awarded the United States Navy certificate of achievement, which signalizes the United States Navy's recognition of splendid efforts put forth by the men and women of Canada who were responsible for fulfilling their commitments of war supplies on behalf of Canada. We hope the inclosed replica of this certificate will be a memento of the United States Navy's appreciation." The copy of the letter was signed by C. M. Anson, general manager of the Dominion Steel and Coal Corporation. The union statement said a copy of the U.S. Navy letter signed by Capt. Rounth-

waite was sent to the union headquarters and union hall with the following note appended by the plant general manager: "I am very proud to have received the certificate of achievement commending the men of the plant for their exceptional effort and meritorious contribution to the National war effort."

The union statement referred to the fact Mr. Anson's Ottawa statements "are far different from those put forth in Cape Breton by himself and his public relations experts."

Q. My object in bringing that to the attention of the committee is that that letter from yourself to the union would indicate to me that your relations between yourself and the men in the plant and your general production during the war was exceedingly good?—A. I would not say that about our general production record.

Q. According to that letter, it must have been real good?—A. That letter just refers to the production of 15,000 tons of shell steel for the United States Navy; that is all.

Q. Another question that you brought out was the question of taking a strike vote, you said?—A. I do not think I mentioned anything about that. I mentioned nothing in connection with a strike vote.

Q. Did you mention anything in connection with the election of national officials?—A. Yes.

Q. You offered the facilities of the plant for the taking of the vote?—A. Yes.

Q. And the union refused it?—A. Yes.

Q. Do you not think that because the union refused your offer, that they thought it would prejudice the position of the union if they were using company facilities for the purpose of electing their national officials?—A. No.

Q. Coming from that part of the country, I am reasonably sure that ninety per cent of the men would think that. They would construe it as being domination on the part of the company to elect someone they wanted. That would be the natural suspicion?—A. It is unfortunate that they have that suspicion.

Q. You made a comment that only 1,800 voted in that election? That is not unusual if you examine our municipal, provincial and federal elections. I think that is a fair average of what you get in any election. Would you not say so? In the strike vote, of course, on this particular issue there were 3,748 voted out of a total of 4,106 employees eligible. That shows very substantial assent in that referendum in favour of the action that has now been taken by the steelworkers union. Would you not say that?—A. What are you asking me?

Q. I am asking you if the high percentage that voted favorably for taking the action that the Steelworkers Union took would indicate almost unanimous support on the part of the membership of the union on the action that their national directors took?—A. I would say it represented a good interest on the part of the members of the union in the particular question which was put to them on that ballot.

By Mr. Gibson:

Q. At that time?—A. At that time.

By Mr. Gillis:

Q. With regard to your financial position is it possible for you to give the committee comparative figures as to your working capital in 1939 and 1945?—A. I cannot give those figures. As I say I am here to speak as to anything having to do directly with the Sydney steel plant. I cannot answer questions in regard to the Dominion Steel and Coal Corporation because I do not know the answers.

Q. There are three questions there that I think it is necessary to have answered if this committee is to determine the ability of the company to pay. I should like to know what the working capital was in 1939 and what it was in

1945. How much increase was there? I should like to know what was the position of the reserves in 1939 as against 1945? Have they gone up or down? Then I should like to know what your depreciation account is. I think those questions are necessary if this committee is to come to any judgment. I presume there is a financial statement tabled. Someone suggested that Mr. Anson should table a financial statement covering the operations of the whole corporation.

Mr. ROBINETTE: That is what is tabled, consolidated balance sheet of the Dominion Steel and Coal Corporation, Limited, which includes the operation of the Sydney steel plant and many other plants, as I understand it.

Mr. GILLIS: There is not one for the whole corporation?

Mr. ROBINETTE: This is for the whole corporation.

Mr. GILLIS: Then you may be able to answer the question I am asking. What was the working capital of that corporation in 1939 and what was it in 1945?

Mr. ROBINETTE: Of the Dominion Steel and Coal Corporation, the whole thing?

Mr. GILLIS: Yes.

Mr. ROBINETTE: Continue with your questioning of the witness. I will try to dig out the information.

Mr. GILLIS: I should like to have those answers first and work from them.

Mr. SMITH: May I ask a question while we are waiting for that?

By Mr. Smith:

Q. So far as the Dominion Steel and Coal Company is concerned I assume there is a parent company and a number of wholly owned subsidiaries? Is that correct?—A. That is correct.

Q. Are they integrated in such a way that the steel company is necessary to carry on the business of these other concerns?—A. Not all of them, no.

Q. Give me some idea what that means?—A. Well, for instance, the operations of Halifax Shipyards Limited, a wholly owned subsidiary, could be carried on entirely without the operations of the steel company.

Q. I can see that.—A. In fact, I do not know of any one of the subsidiaries outside of the city of Sydney which could not be carried on without Sydney steel.

Q. That is what I want to get. There are many parent companies which have an integrated operation with subsidiaries and will carry one at a loss in order that the others may profit. As I understand you your setup is not that at all? The others could still operate if the steel company closed down?—A. Yes.

By Mr. Croll:

Q. In 1939 you had a profit of \$155,000 approximately?—A. Yes.

Q. In 1940 you had a profit of \$393,000. Then in 1941 you had your first large loss which the government made up by subsidy?—A. That is correct.

Q. What operation were you conducting in 1939 and 1940 that gave you a profit as compared to the loss in 1941?

Mr. SMITH: For the sake of the record my memory is they were never made up by subsidy. My memory is that the subsidies were always less than the loss.

Mr. CROLL: No, there was a profit in 1939 and 1940 but a loss after that.

By Mr. Croll:

Q. In any event, the point I am getting at is did you not do more business in 1940 and 1941 than you did in 1939?—A. Yes.

Q. Much more business?—A. Quite a bit more.

Q. And business of a different nature?—A. Partially.

Q. Tell us what caused the large losses as compared to your earning capacity before the war?—A. Firstly the submarine warfare of the Germans.

Q. Tell us how that interfered with it.—A. It interfered with the movement of ore and limestone. All our ore and limestone comes in by ocean steamer.

Q. From where?—A. Newfoundland, and some ore comes from Norway or Brazil. The cost of freighting these materials jumped tremendously.

Q. Did you not have your own steamship line?—A. No. To bring in our ore in pre-war days we chartered Norwegian ships.

Q. Are those all the elements which contributed to the loss?—A. That was the outstanding one. Labour costs, of course, had gone up in the meantime. There was a small increase in wages during the intervening period.

Q. Previously to 1939 were you operating at a profit?—A. In some of the years, yes.

Q. And on the average were you operating at a profit more often than at a loss?—A. An average of how long?

Q. Take five years or ten years.—A. In the five years prior to the war that plant made a slight profit.

Q. Therefore there is no reason why you cannot get back into business and continue to make a profit if you are left alone again?—A. Ocean freight rates are still very high. They have not receded from their war-time levels to any appreciable extent yet.

Q. Prices are pretty high, too, are they not?—A. Selling prices?

Q. Yes.—A. They are higher than they were.

Mr. HOMUTH: Talk a little louder, Mr. Croll.

The WITNESS: They have not gone up to the same extent that the cost of raw materials has gone up.

By Mr. Croll:

Q. Let me carry you back for a moment to July 11 and 12 in Montreal. You were present when Mr. Justice Roach was there?—A. Yes.

Q. And there were other people with you at the negotiating committee?—A. Right.

Q. You told Mr. Justice Roach the same story almost you have told this committee here?—A. Pretty well.

Q. Pretty well the same story. You were present when after hearing your side of the story and the union's side of the story Mr. Justice Roach put this proposition to the union, an increase in the basic wage rate of 10 cents across the board for a 48-hour week, the differential of the wage rate between Dosco and the two other plants, namely 5 cents, to be disposed of by the National War Labour Board on the pending application; two weeks holidays with pay for those employees with five years or more service, and the same type of union security as enjoyed by the Ford Motor Company, popularly known as the Rand formula. I am reading from page 258 of the minutes.

The employees to decide by ballot their preference as between a 48-hour week and a 44-hour week without overtime; this whole offer to be submitted to the employees by a secret ballot for acceptance or rejection.

You were there then, but you had no objection to it.—A. We were not asked to give an opinion on it.

Q. But you were present when it was offered?—A. No, we were advised by the commissioner that he had made that offer.

Q. Yes, but did you object?—A. The offer had already been made.

Q. Very well; and if the men had accepted it, as he suggested, you would have accepted your part of the bargain and carried on?—A. I do not know.

Q. That was the time for you to say "yes" or "no".—A. I do not know.

Q. Mr. Justice Roach had made a proposition to the men. I call it an offer; did you object to it at that time?—A. The offer was made to the men without any consultation with us in regard to it, the amount of it, or any of the details.

Q. Did you say to Mr. Justice Roach, you cannot make that offer because we cannot possibly pay it, if they accept it?—A. I did not say that.

Q. You did not. Is there any reason for the differential?—A. As I have outlined in my brief, I do not want to go all over it again; personally, it is this: that on shipments to the Canadian domestic market, we cannot possibly realize the same number of dollars per ton of steel produced at our plant as can our principal competitor; and secondly, our raw materials require so much more expensive processing than do the raw materials of our competitor. Briefly, that is what I have said.

Q. For that reason, you think there ought to be a differential on wages?—A. It is not a question of "ought to be"; it looks to me like a question of "has to be."

Q. Up to the moment there has been.—A. Yes.

Q. And that is the basis upon which that has been granted. Is that correct?—A. Presumably it is there because of the relative earning position of the different companies.

Q. I understood you to say it arose by reason of the order made by the Regional Labour Board in Ontario?—A. No, there has always been a differential between the plants.

Q. For how long?—A. As far back as I can remember.

Q. How long would that be?—A. Back fifteen years or so.

The CHAIRMAN: Mr. Murchison, please.

Mr. GILLIS: Is it possible to get from Mr. Anson the answer to the question I asked with regard to the working capital?

Mr. CROLL: As I understand it, Mr. Anson, the reason for the differentials was because you paid more than Algoma.—A. On our basic rate, at one time, we were slightly higher.

Q. When were you higher than Algoma?—A. Between 1938 and 1940, if my memory serves correctly.

Q. At those times you were higher than Algoma on the basic rate?—A. That is right. At that time we were below the Steel Company of Canada.

Q. We will leave the Steel Company of Canada alone at the moment.—A. Unfortunately, I cannot; they are our big competitor.

Q. Algoma?—A. No, the Steel Company of Canada.

Q. Was it later on, by reason of the War Labour Board in Ontario, that the differential was made up to Algoma?—A. By an award, P.C. 68, and later on, the National War Labour Board.

Q. Yes, the rate to Algoma.—A. Yes, the rate to both.

Q. Then there would not be any differential.—A. Not at that time, not in the medium of common labour.

Q. Why is there a differential of five cents?—A. That came later on by reason of an award of the Ontario Labour Board.

Q. That was what I was getting at.

The CHAIRMAN: Mr. Gillis.

Mr. GILLIS: You are not able to work that out for me?

Mr. ROBINETTE: I can do it for one year 1945.

Mr. GILLIS: Can you get the figures for me back to 1941?

Mr. ROBINETTE: They are all here, but this witness does not know anything about the balance sheet. You and I can work it out together.

Mr. GILLIS: Will there be another opportunity to question Mr. Anson?

The CHAIRMAN: I think this is the last one, unless Mr. Anson or his company desire to return.

Mr. GILLIS: The Steelworkers' Union made a preliminary statement to the committee. They are coming back with a factual brief on the whole set-up and that may necessitate bringing back Mr. Anson for further questioning.

The CHAIRMAN: It may be. Mr. Murchison, please.

Mr. ROBINETTE: Mr. Anson asked if he can go now, subject to recall upon reasonable notice.

The CHAIRMAN: Carried.

Mr. C. A. L. Murchison, Alternate Chairman of the National War Labour Board, called and sworn.

Mr. ADAMSON: Surely the annual statement of Dosco is a matter of public record and is on file. Surely with a public company the records are on file somewhere where they may be looked up by any member of the public. Under the law of incorporation a company must file this record and it would be a simple matter to look it up.

Mr. CROLL: But they are not available to the public.

Mr. ROBINETTE: All the information is in the balance sheet, but it is difficult to analyse. I will show it to Mr. Gillis.

By Mr. Robinette:

Q. Mr. Murchison, I understand you are the vice-chairman of the National War Labour Board. Is that correct?—A. Yes, Mr. Robinette, I am called alternate chairman.

Q. You are called alternate chairman. Who is the chairman at the present time?—A. We have no chairman as such. We have three alternate chairmen; one is Mr. Justice Macnivin of Regina; another is Judge Cameron of Belleville; and I am the third alternate chairman.

Q. Yes, and there are two other members of the board, one representing employers and one representing labour. Is that correct?—A. That is right.

Q. What are their names, for the purpose of the record?—A. Mr. Lucien Dugas from Joliette, P.Q., is the representative of employers, not representative of, but he is there presumably in that capacity; the other is Mr. J. A. McClelland of Valois, P.Q., as representative of employees.

By Mr. Smith:

Q. What is your profession?—A. I am a lawyer, sir.

By Mr. Robinette:

Q. Tell us briefly what your experience has been in the Labour Department prior to your appointment as alternate chairman of the board.—A. Well, Mr. Robinette, probably I should commence with my experience in Ottawa. I came to Ottawa in January of 1942 and was employed by the Wartime Prices and Trade Board in the legal department. Latterly, I was employed as supervisor of legal offices of the board. Then, in April of 1944 I was transferred to the National War Labour Board, and was asked to organize and manage the review department of the board. Later on I also took over the enforcement of the orders to the extent necessary, in the national board; and in June, 1945 I also took over the duties of secretary of the board; that is, on the retirement of the incumbents of those several posts. Then, on the 14th of June of this year I was appointed alternate chairman. That, briefly, is my experience in Ottawa.

Q. Now, one thing I think the committee would be interested in first is—or you can do it in whatever order you please—but one thing they would be interested in is the operation of the Wartime Wages Control Order and the amendments thereto, and an explanation of exactly how your board functions; generally speaking what powers it has, so the committee will comprehend the existing machinery in the labour department for the settlement of wage disputes. Have you prepared something for us on this?—A. Yes. Mr. Chairman and honourable gentlemen, I have prepared and will now present to you such a statement. Incidentally, the invitation to members of the National War Labour Board to appear before this committee was coupled with a request that we present to you a brief history on wage control; and then, having done that, to tell you what has been

done by the War Labour Board concerned in cases affecting the primary steel industry in Canada. For the most part the statements which have been prepared are factual. Some statements contain information which has already been presented to you, but at the time these statements were prepared we did not know what the evidence would be.

By Mr. Case:

Q. Just before Mr. Murchison commences his brief, I would like to know what experience he had in labour relations before he came to Ottawa. He has given us his outline since 1942.—A. Perhaps I will have to go back to my experience in Winnipeg. I was a barrister in Winnipeg and for ten years was on the city council, and during ten years I served on the provincial government advisory board dealing with matters concerning unemployment relief and related labour matters. And now, I cannot give you any more details than that, from the years 1931 I imagine to 1941; and then I came down here in 1942. Commencing with the brief on wage orders:

1. Wage stabilization as a corollary of the effort to hold price ceilings against the threat of inflation first became mandatory on November 15, 1941, with the coming into effect on that date of the Wartime Wages and Cost of Living Bonus Order, P.C. 8253.

Order in council P.C. 8253 provided that an employer's wage scale established as of that date was to be stabilized. Thereafter, he could make no wage increase in a single rate or in the maximum of a range of wage rates except upon application to and receipt of authority from a war labour board.

Such boards were empowered to prescribe wage increases only when they found an employer's existing wage rates to be low as compared with rates generally prevailing for the same or substantially similar occupations in the locality or in a locality which in the opinion of the board was comparable.

The order also provided that cost of living bonuses would be paid according to a formula therein laid down, which bonuses would be increased or decreased as might be directed by general orders of the National War Labour Board in accordance with the rise or fall of the cost of living index for succeeding months above or below the index number for October, 1941. Incidentally, that was 114·6. Actually only two such general orders were issued, one calling for the commencement of payment of a mandatory cost of living bonus or increase in existing bonus as from August 15, 1942, and one calling for an upward adjustment in such bonuses as from November 15, 1943. The total cost of living bonus so ordered was ninety-five cents per week or 3·8 per cent of the wage rate whichever might be applicable to particular employees under the formula.

It will be remembered that the cost of living bonus principle to meet increases in living costs as reflected by changes in the cost of living Index of the Dominion Bureau of Statistics was first introduced by order in council P.C. 7440, of December 16, 1940. This order in council was not mandatory, however, it being merely a recommendation to boards of conciliation established under the Industrial Disputes Investigation Act.

The effect of this earlier order in council had been that some groups of workers were in receipt of cost of living bonuses based on the rise in the cost of living index number from August, 1939, just before the start of the war, which was being paid to them in lieu of wage increases, while other groups of workers had received wage increases since the outbreak of hostilities and so received lesser amounts of cost of living bonus. To equalize such situations, war labour boards were empowered by order in council P.C. 8253, to approve payment of cost of living bonuses, on application, based on the rise from the cost of living index of an earlier date than that for October, 1941, but not in any event earlier from the index for the month subsequent to August, 1939, in which the employees concerned had last received a general wage increase. The theory being of course that an employee's increased compensation whether from an

upward adjustment in his actual wage rate or by way of cost of living bonus would reflect any increase in living costs during the war period.

The Wartime Wages and Cost of Living Bonus Order, P.C. 8253, as first introduced, applied only to employers having fifty or more employees but by order in council, P.C. 9514, of December 5, 1941, it was made to apply to all employers in Canada except those of the Government of Canada or of any province or municipality. Later Crown companies or agencies of the government were brought within the scope of the order. It did not apply to agriculture, horticulture, fishing, hunting or trapping, nor to hospitals, religious, charitable or educational institutions operated on a non-profit basis.

To administer order in council P.C. 8253, a National War Labour Board was established with regional war labour boards in each province. Labour and industry were equally represented in the membership of all these boards and generally the chairmen of these boards were the ministers of labour of the respective provinces.

At this point it should be explained that order in council, P.C. 8253, and the orders which succeeded it, only apply to employees who were not "above the rank of foremen or comparable rank" or who receive less than a certain designated wage or salary. At present time the amount is \$250.00 per month or over. Employees above the rank of foreman are subject to The Wartime Salaries Order, administered by the Department of National Revenue.

2. As the result of experience gained in the administration of the Wartime Wages and Cost of Living Bonus Order, P.C. 8253, the National War Labour Board found that certain of its clauses required clarification.

On the board's recommendation, and to facilitate administration, the original order was, therefore, replaced by the Wartime Wages Control Order, P.C. 5963, of July 10, 1942, which became effective by publication in the *Canada Gazette* on July 14, 1942. No change was made in the basic circumstances under which war labour boards were empowered to approve increases in wage rates, nor in the basic conditions concerning cost of living bonuses. Definitions were included as to what constituted a basic scale of wage rates and on certain other pertinent matters upon which the original order in council had been silent.

One of the matters clarified was as to the authority which an employer would have to adjust wage rates for any particular classification within the limits of the range of rates for such job or position. Order in council, P.C. 5963, provided, as did its predecessor order, that its provisions would supersede any inconsistent provisions of any dominion or provincial law, order or regulation.

There was no appeal provision, but the by-laws of the National War Labour Board required that when the membership of a regional board were not unanimous in any decision, such application should be referred to the national board for guidance before a finding and direction was issued to the parties, but this did not give authority to the national board to vary or rescind regional boards' decisions so referred to it.

In February, 1943, the composition of the National War Labour Board was changed—the board being reduced to three members, one of whom represented employers, in that case being Mr. J. J. Bench, now Senator Bench; another, employees, who happened to be J. L. Cohen, K.C.; and the third member being a chairman selected from the judiciary, who was Hon. Mr. Justice McTague. The constitution of the regional boards remained the same as formerly.

Early in 1943 it became apparent that there were inequalities, real or fancied, in the amounts of cost of living bonus paid by different employers often within the same industry. This, of course, came about through the provision that when a general increase had taken place since August, 1939, calculation of cost of living bonus could only be based on the rise in the cost of living index above the index number for the month in which the general wage increase had been granted. To give the boards power to equalize this type of situation, order in council, P.C. 2370, was passed on March 23, 1943, under which a War

Labour Board could use an earlier index number than that for the month in which a general increase had been granted when they found such a course warranted in deciding on applications involving cost of living bonuses within an industry.

I bring this point out because in my later report concerning the steel industry, this particular factor was introduced in one of the cases.

By Mr. Smith:

Q. That is not here.—A. No. I am just interpolating at that point to show the reason why I mentioned this particular factor continuing: In other words, the boards were given power to award a full cost of living bonus when considered justifiable.

On March 23, 1943, was also passed order in council, P.C. 2320, which provided for a right of appeal which might be carried by interested parties to the National War Labour Board from a finding and direction of a regional board. Since that time there have been 681 such appeals.

The National War Labour Board, which had been reconstituted as mentioned under authority of order in council, P.C. 1141, of February 11, 1943, held public hearings as therein authorized regarding industrial relations in Canada. Many briefs were presented from organizations, representative of employees, employers and the public generally. As a result of these representations and its conclusions thereon, the board made certain recommendations in August, 1943, by way of majority and minority reports.

These recommendations, or many of them, and in particular their suggestion that cost of living bonuses should be incorporated into wage rates were made effective by the Wartime Wages Control Order, 1943, P.C. 9384, which on December 9, 1943, replaced order in council, P.C. 5963.

3. The Wartime Wages Control Order, 1943, P.C. 9384, required employers to incorporate previous authorized cost of living bonuses into basic wage rates from February 15, 1944, and that type of employee compensation by employers subject to the order thereafter disappeared.

The powers of a War Labour Board relating to the conditions upon which wage increases could be prescribed were materially changed, it being now provided that a board could authorize or direct an employer to increase a single wage rate or the rates within a range only if and to the extent that the board found that such increased rate or range was necessary to rectify a "gross inequality or gross injustice".

In addition to appeals from decisions of regional boards by the interested parties themselves, the new order provided that the national board should itself review all decisions made by regional boards and the national board could on its own motion, after due procedure, upset a regional board's decision if in the opinion of the national board, such decision was not in accordance with the purposes or provisions of the order or was otherwise inconsistent. Up to June 30, 1946, 71,858 decisions of regional boards have been examined, of these 5,079 have been placed on review by the national board but after investigation only 442 such decisions have been varied or rescinded.

There have been a number of amendments from time to time to order in council, P.C. 9384, found necessary in the light of experience in administering that order. It was not, however, until order in council, P.C. 348, was passed that the powers of the boards as to the circumstances under which wage increases might be approved were materially altered.

Order in council, P.C. 348, which came into force on February 15 of this year, abandoned the "gross inequality or gross injustice" formula and instead gave the boards power to authorize or direct an employer to increase a single rate or the rates of a range to the extent that the board found such rates low in comparison with the rate or rates generally prevailing for the same or comparable

occupational classifications in the same locality or, if no such occupational classifications existed there, then in some other locality which in the opinion of the board would be comparable. It will be noted that this is a return to the principle which had been in effect from November 15, 1941, to December 9, 1943, under the then governing wages orders.

In addition to being empowered to authorize or direct increases found low by comparison war labour boards, under order in council, P.C. 348, might authorize an employer to vary a single rate or the rates of a range "on such other basis and to the extent as in the opinion of the board is reasonable in the circumstances and consistent with the maintenance of existing prices of the goods and services which the employer sells".

In administering the order on those applications made under the alternative power as quoted in the paragraph last above, the various war labour boards considered that a responsibility devolved upon them to ascertain that the added labour costs resulting from any wage increase so authorized would not be used as an argument in applying for or in making price increases.

The Wartime Wages Control Order, P.C. 9384, was again amended on June 20, 1946, by order in council, P.C. 2432. The important change which the amending order brought in was to rescind these powers as given under order in council, P.C. 348, and under which the war labour boards had operated from February 15 to June 20, last.

The new provision under order in council, P.C. 2432, now empowers war labour boards to authorize or direct an employer to increase a single rate or the rates of a range if and to the extent that the board finds that such increased rate or range is "just and reasonable" and is consistent with and will give effect to the purposes of the order having regard to all the circumstances deemed by the Board in its discretion to be material.

It should be realized that war labour boards are now given a much wider discretion in the matter of directing wage increases, than they have previously had. That discretion is, however, governed to some extent by the paramount principle of maintaining stability in prices. The order is now broad enough to enable boards to deal with every known type of case involving wage rates.

OTTAWA, Ontario,

July 20, 1946.

Now I have a word or two on what has been done under the several orders so as to give you an idea of what the war labour boards have done.

From November 15, 1941, to April 30, 1946, (the latest date to which all figures are complete) the National War Labour Board and the nine regional war labour boards have received 123,491 applications for approval of wage adjustments or changes in working conditions affecting compensation.

Of these, 107,267 applications were received from employers, 11,128 were made jointly by employers and employees and 5,096 were made directly by or on behalf of employees themselves.

Of this total of 123,491 applications coming before war labour boards for decision 103,768 or 84 per cent were granted in full, 11,812 or 9.5 per cent were granted in part and only 7,911 or 6.5 per cent were denied.

The money amounts involved in the applications granted in full or in part totalled \$238,152.156, by way of direct wage increases and \$43,682.436, from increased cost of living bonuses or an over-all accretion of \$281,834,592 per annum to employees from awards of war labour boards. These figures are in addition to an amount estimated at \$90,000,000 added to payrolls through the mandatory cost of living bonus. It will be noted that the dollar figures given representing additions to payrolls are calculated on an annual basis as for the number of employees affected by the application at the date of decision. It follows that subsequent fluctuations in the number of employees of the employers covered by the decisions would vary to some degree upwards or downwards from the above figures.

2,567,001 employees benefited by wage increases or increases in cost of living bonuses under these decisions and for the period during which it was necessary to obtain approval for vacation with pay plans 1,237,420 workers obtained this privilege who had not previously enjoyed it. Welfare plans of one type or another, such as group insurance, pension plans, and so on, approved by war labour boards benefited 785,084 employees.

As an employer might, without application to a war labour board, grant merit increases when within an authorized range for an occupational classification already established, or make increases consequent upon promotions, the figures quoted do not include the very large number of Canadian workers whose earnings have been bettered, within reason, through the provisions of the wages order.

Examination of this total of 123,491 applications shows that 70,443 were for wage increases, 3,775 for increases in cost of living bonuses, 859 applications were in respect of wage incentive plans, 3,636 were for permission to establish new vacation with pay plans, 4,398 for permission to establish new welfare plans and 11,613 were miscellaneous, such as for overtime conditions, off-shift differentials or other variations in working conditions affecting compensations. The remaining 28,767 were for authority to establish new positions and to set wage rates therefor, approval of which type of application provided positions or further upgrading for 582,836 Canadian workers.

Attached to your material you will find a table of detail. It is a matter for the record and need not be discussed here, but it will indicate to you the activities of the several war labour boards starting out with the national war labour board and proceeding across Canada.

At the bottom of the first page you will see figures referring to employees. As you can well imagine, there is a duplication in the figures. There is a duplication every time the same group of employees are brought back before the war labour board, and during the course of wage control two, three or four applications or more have been made for wage increases.

You will find on the second page the results of decisions that came before the boards at various times, and passing over the third page and over to the fourth page, you will find the breakdown according to the nature of the relief sought.

(Statistical table marked *Exhibit 25*)

Then I have some information I was not able to present in duplicate form. I will give it to you.

Starting off in 1940 the general average of wages in Canada was 103·9. In 1941 it went to 113·1. In 1942 it went to 122·5. In 1943 it went to 132·84. In 1944 it went to 137·5 and in 1945 it went to 140·3. These are general averages. I do not know whether you would be interested in the averages as to type of industry such as logging, mining, manufacturing, and so on.

Mr. ADAMSON: I would like to have that.

The WITNESS: I can give you that for two years, 1944 and 1945.

By Mr. Adamson:

Q. What are these?—A. Nature of industry. The first is logging. In 1944 the index was 146·1.

By Hon. Mr. Mitchell:

Q. What was the basis?—A. The 1935-1939 index 100 per cent. The first is logging. In 1944 it had gone up to 146·1 and in 1945, 161·4.

By Mr. Smith:

Q. Would you mind repeating those last two figures for logging?—A. 146·1 in 1944 and for 1945, 161·4. Mining is next. For 1944 it is 134·8 and for 1945, 136·2.

By Hon. Mr. Mitchell:

Q. Is that coal and metal mining?—A. Base and coal.

By Mr. Adamson:

Q. That is hard rock mining?—A. Everything. It is the general average. These are the headings that are maintained by the Dominion Bureau of Statistics, and you will find in that breakdown various sub-industries that are included in those main headings. They have a standard set of headings.

Q. I just wanted to clear up what figures you were giving.—A. Dealing with manufacturing in 1944 it was 141.1—that is over the 1935-39 average—and in 1945 it was 143.2. Construction in 1944 was 129.6 and in 1945, 131.1. The next heading is transportation and communication which in 1944 was 127.6 and in 1945 was 128.9. Lastly we have service, 128.9 in 1944 and 136.1 in 1945.

Mr. CROLL: Would you have the basic cost of living index so that we could have it all before us? Have you got it?

Hon. Mr. MITCHELL: I have got it.

Mr. CROLL: Let us have it all here.

Mr. SMITH: It was consolidated with wages before this.

Hon. Mr. MITCHELL: What he wants is the index.

Mr. CROLL: To compare with the increased prices.

Hon. Mr. MITCHELL: According to the Bureau of Statistics general index the cost of living, on the basis of 1939 as 100, in October, 1944, was 117.7.

Mr. CROLL: Start in 1940.

Hon. Mr. MITCHELL: I have not got 1940. He has given figures for 1944 for wages. In 1944, October, the cost of living index was 117.7 and in October, 1945, is it 118.8. In June, 1946, it is 122.6.

Mr. GIBSON: 122.6?

Mr. MITCHELL: 122.6.

Mr. SKEY: Can you give us some idea how that is prepared?

Hon. Mr. MITCHELL: That is a long story. It is on a scientific basis prepared by the Bureau of Statistics. It covers a wide range of articles that go into consumption in the average family. Perhaps I might point out to you that after the last war they had what we trade unionists used to call the bread and butter index. It just covered a few things like food, rent, clothing and what have you. We used to argue in those days that was a bread and butter index and what we wanted was a scientific index that covered the whole range of articles in those days like silk stockings, and what have you, that should go into the worker's budget. That is how the latest index became established.

Mr. BLACKMORE: Can we find anywhere a list of the commodities on which it is based?

Hon. Mr. MITCHELL: You would have to ask the Bureau of Statistics.

Mr. ADAMSON: Have you got those figures for the steel industry?

By Mr. Skey:

Q. Is the steel industry in manufacturing or construction?—A. That is included in manufacturing.

Mr. ADAMSON: Can you break it down?

Hon. Mr. MITCHELL: I can give it to you.

By Mr. Smith:

Q. Before you do that will you do something for me? You said that the manufacturing index of 1944 was 141.1 and in 1945 was 143.2.—A. What is your first date, 1944?

Q. Manufacturing in 1944 was 141.1 and in 1945 was 143.2.—A. That is right.

Q. I want you to add ten cents an hour to the rate and tell me where you end up there. You must have a base rate somewhere?—A. You cannot do it on the basis of these index figures.

Q. I think you can.—A. Because you would have to ascertain first of all the weighted average.

Q. Never mind about the weighted average. You have got a base rate of 74½ cents. Add ten cents to that. Surely you can reflect the rate back in this on the same basis, can you not?

Mr. CROLL: Where do you get the 74½ cents?

Mr. SMITH: I thought that was the base rate.

Mr. CROLL: 64½.

Mr. SMITH: 64½.

Mr. CROLL: Add ten cents to that.

Mr. SMITH: Ten cents; that makes it 74½.

Mr. CROLL: Now what do you suggest?

Mr. HOMUTH: I want it reflected back into these percentages. He has given us the increase by years based on the 1935-39 base of 100, and in 1944 it was 141.1. That must have been on account of the increase in wages. In 1945 it is 143.2, which must be on account of the increase in wages. Let us take an increase in wages of roughly one-seventh. Ten into 64½ is between one-sixth and one-seventh. Surely you can reflect it for us here.—A. Assuming that 143.2 was the index for primary steel—I do not say it is because this is the average—if it were there would be approximately 15.6 added.

Q. That is what I am coming to.

Mr. ADAMSON: 16 per cent exactly.

The WITNESS: 16 per cent.

By Mr. Smith:

Q. If you will also direct your attention to steel as a minor portion of manufacturing and give us the exact result I am sure it would be appreciated by this committee. I am not asking it now, but you might get that later for us. I have some questions to ask but do you want to adjourn to go to your steering committee meeting?

Mr. ROBINETTE: He is not finished yet.

Mr. SMITH: I beg your pardon; I did not mean to interrupt.

By Mr. Adamson:

Q. Have you got the base figures for steel?—A. We have that information. We have not come to it yet.

Hon. Mr. MITCHELL: For crude rolled forged products—that is steel—in 1944 it was 143.5 and in 1945 it was 149.5.

Mr. ADAMSON: And 1946?

Hon. Mr. MITCHELL: I have not got 1946. That is crude rolled forged products. That is basic steel.

By Mr. Smith:

Q. You wanted to finish that?—A. Mr. Chairman and gentlemen, is it your wish that I proceed now with a chronological statement of wage developments in the steel industry, and then having presented you with the whole picture so far as wage control is concerned on the one hand and basic steel on the other then you can discuss the matter.

Q. I think that is a good idea.—A. Very good, sir; I have a copy of the statement.

Q. May I interrupt by suggesting something for the witness to think over during the dinner hour, if we should meet tonight. We have had from you some interesting statements. We have heard that logging reached a peak of 161.4 up to 1945; we have heard that mining reached a peak of 136.2; manufacturing 143.2; construction, 143.1; and transportation—we have not got the figures on transportation, but I assume that we can get them. Now, if this witness will work out, in his mind, the steel workers, so that we can make a comparison with logging, manufacturing, construction, transportation, and so on, I think it would be of very great value to this committee. In other words, take that 141, what is it in the steel industry? Then we can look at it and say: how are they getting on as compared to loggers, manufacturers, and so on. You follow my point?—A. I do.

The CHAIRMAN: It seems to me that this brief is rather long and it seems to me it would be a pity to cut it off half way through; therefore we will adjourn until to-morrow at 11.30.

Mr. SMITH: Aren't you going to sit to-night?

The CHAIRMAN: No, there is a meeting of the steering committee at 6 o'clock and I do not think there will be time for the 8 o'clock meeting.

Mr. SKEY: Let us keep going.

The CHAIRMAN: He has not time enough to finish his brief and I would not like him to break it; so let us adjourn until to-morrow at 11.30.

Mr. MACINNIS: Has Mr. Murchison got some additional figures to those given in the appendix of the brief which show the number of applications received from employers, the number of applications received jointly from employers and employees, and those received directly on behalf of employees? Have you the percentage of awards granted on the applications from employers, and the percentage of awards granted on the application of employees?

The WITNESS: No, Mr. Chairman, they did not keep statistics on that basis in the board; it would require our going back over the entire records in each of the regional boards' files, in order to find that out. They did not start, consequently they haven't been able to do that.

By Mr. MacInnis:

Q. I think the figures on this point would be important because of complaints made by employees or trade union organizations that a request by an employee organization does not receive the same consideration from the board as a request from an employer.

Mr. SMITH: I want to support Mr. MacInnis; we are here to try to find out some facts. I would like to see those figures.

The CHAIRMAN: The committee is adjourned until to-morrow morning at 11.30 a.m.

The committee adjourned at 5.45 p.m. to meet again to-morrow, Tuesday, July 30, at 11.30 o'clock a.m.

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Canada - Industrial Relations, Mandate

(SESSION 1946

Cite n. 1946

HOUSE OF COMMONS)

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

TUESDAY, JULY 30, 1946

WITNESSES:

Mr. C. A. L. Murchison, Alternate Chairman, National War Labour Board,
Ottawa, Ont.

Mr. A. MacNamara, Deputy Minister of Labour, Ottawa, Ont.

OTTAWA

EDMOND CLOUTIER, C.M.G., L.Ph., B.A.

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1946



MINUTES OF PROCEEDINGS

TUESDAY, 30th July, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Gingues, Homuth, Johnston, Lalonde, Lapalme, Maybank, Merritt, MacInnis, Mitchell, Pouliot, Raymond (*Beauharnois-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

The Chairman presented a Fifth Report from the Subcommittee on Agenda recommending that Mr. C. H. Millard be recalled this day at 3.30 o'clock.

On motion of Mr. Croll:—Resolved, That the Fifth Report of the Agenda Subcommittee be concurred in.

Mr. Robinette reported the receipt from Mr. McMillan, of Algoma Steel Corporation, Limited, of a statement showing capital and profits from 1939 to 1945, together with an estimate of the cost of employing 300 additional men; also the receipt from Mr. M. M. Maclean of the Department of Labour of a memorandum received by him from the Dominion Bureau of Statistics respecting salaries, wages and gross value of production in specified industries for the years 1939 and 1944.

Mr. C. A. L. Murchison was recalled. He read a statement of the National War Labour Board concerning wage development in the steel industry, and was questioned thereon.

The Committee adjourned at 1 o'clock p.m. until 3.30 o'clock this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Maybank, Merritt, MacInnis, Mitchell, Moore, Ross (*Hamilton East*), Sinclair (*Vancouver North*), Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

The Chairman presented a sixth report from the Subcommittee on Agenda asking power to receive a delegation from the strikers expected to visit Ottawa on Thursday, August 1.

On motion of Mr. Croll: Resolved, That the sixth report of the Subcommittee on Agenda be concurred in.

Mr. A. MacNamara, Deputy Minister of Labour, Ottawa, Ont., was called and sworn. He read a prepared statement respecting developments in the steel dispute, and was examined.

The Committee adjourned at 5.55 p.m. until Wednesday, July 31, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
July 30, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 o'clock a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: As a fifth report, your agenda subcommittee recommends that Mr. C. H. Millard be heard today, July 30, at 3.30 o'clock p.m.

Mr. CROLL: I move the adoption of that resolution.

Mr. GAUTHIER: I second that motion.

Carried.

Mr. MacINNIS: Mr. Chairman, on a point of order, on July 16 at the first meeting of the committee, it was resolved that the settlement of the steel strike was to be the first order of business, and we have pretty well adhered to that until yesterday afternoon when some witness from the Department of Labour gave us a general review of the labour relations machinery. I suggest to the committee that if we are to adhere to that and to have the procedure relative to the averages that the department took, that before Mr. Millard comes on that we should ask the member of the Department of Labour who dealt with the steel dispute to give evidence, and then Mr. Murchison be recalled to the stand.

Mr. CASE: I think that is a very good suggestion, Mr. Chairman.

Mr. ROBINETTE: Mr. Murchison tells me that he proposes to outline the facts solely with reference to the steel strike. I suggest that we continue with him, and he will confine his remarks solely to the steel situation.

Mr. MacINNIS: As I understand it, Mr. Murchison is dealing with it from the standpoint of the wage problem and then Mr. MacNamara proposes to outline the various steps taken by the Department of Labour in the steel strike.

Mr. ROBINETTE: I think that Mr. Murchison is the best man to tell you about the wage phase of the steel dispute.

Carried.

Mr. ROBINETTE: I want to clean up some odds and ends, if I may. I have some figures I have obtained for various members of the committee.

Mr. Smith asked Mr. McMillan to supply a statement of capital profits from 1939 to 1945, and Mr. McMillan has sent me that. He has listed from 1939 to 1945 in one column the capital and the profit each year and the percentage of profit to capital for those years. I read as follows:—

ALGOMA STEEL CORPORATION, LIMITED

STATEMENT OF CAPITAL AND PROFITS 1939 TO 1945 INCLUSIVE

	Capital*	Profit	Percent of profit to capital
1939	\$16,556,849	\$227,431	1.37
1940	16,784,281	780,240	4.65
1941	17,623,002	911,861	5.17
1942	18,349,003	414,445	2.26
1943	18,658,673	846,803	4.54
1944	19,387,866	1,057,769	5.45
1945	20,078,116	1,112,132	5.54

*Capital is shown as of the beginning of each fiscal year.

The CHAIRMAN: That statement will appear on the record.

Mr. ROBINETTE: Mr. Archibald asked Mr. McMillan to estimate the cost of 300 additional men, and this is a memorandum that Mr. McMillan has sent me:—

ALGOMA STEEL CORPORATION, LIMITED.

Cost of 300 additional men—44 hour week and 92 cents per hour average rate.

300 men x 44 hours per week x 52 weeks x 92 cents equals \$631,488 per year.

This is in answer to Mr. Archibald's request for the cost of 300 additional men, based on a 44 hour week. Actually, 360 additional men would be required if the company went on a 44 hour week.

Then Mr. Croll yesterday asked for information dealing with salaries, wages and the gross value of production in specific industries for the years 1939 and 1944, and that has been supplied in the form of a memorandum to Mr. Maclean, reading as follows:

OTTAWA, July 29, 1946.

Memorandum to: Mr. M. M. Maclean

The Dominion Bureau of Statistics has furnished me with the following information covering salaries, wages and gross *value* of production in specified industries for the years 1939 and 1944:—

<i>Industry</i>	<i>Salaries</i>	<i>Wages</i>	<i>Total</i>	<i>Gross Value of Production</i>
Primary Iron and Steel				
1939	\$ 3,003,672	\$17,406,845	\$ 20,410,517	\$ 75,934,481
1944	6,408,337	54,428,694	60,837,031	212,509,681
Rubber				
1939	4,524,766	11,079,008	15,603,774	69,945,471
1944	7,793,127	28,185,590	35,978,717	169,518,036
Textiles				
1939	25,865,054	81,251,981	107,117,035	392,657,759
1944	44,529,327	151,276,354	195,805,681	781,771,688
Automobiles				
1939	5,158,435	15,415,279	20,573,214	107,463,351
1944	8,893,269	44,986,713	53,879,982	324,090,755
Logging				
1939 (estimated) .....	.....	.....	79,000,000*	157,747,398*
1944 (estimated) .....	.....	.....	195,813,183*	268,615,283*
Non-ferrous Mining and Smelting (cost not included)				
1939	11,234,307	87,336,166	98,570,473	536,348,133
1944	18,445,907	97,981,789	116,427,696	722,886,782
Electrical Appliances				
1939	11,561,270	14,149,822	25,711,090	89,060,578
1944	21,442,886	60,861,574	82,304,460	283,071,440

* Estimated

Mr. ROBINETTE: I promised Mr. Gillis and Mr. MacInnis that I would study the balance sheet of the Dominion Coal and Steel Corporation, and I have done so. I believe I can make three points by referring the committee to certain figures that appear in the balance sheet for 1939 as contrasted with the position in 1945.

As I say, we have not an operating statement for those years, but in 1939 the surplus from operations, which means the accumulated profits in the surplus account for the payment of general interest, and presumably, for the payment of dividends on the shares, this account in 1939 stood at \$3,704,633.19. In 1945, by way of contrast, the surplus account had risen to \$9,322,987.70. Then, in addition to that, there is an item in the balance sheets for both 1939 and 1945 called an operating and contingency reserve. The operating and contingency reserve in 1939 was \$1,861,356.55, in round figures \$1,800,000. By 1945 that operating and contingency reserve had risen to the amount of

\$3,192,021.97. In addition to that, one can, by examining the balance sheet, can ascertain the ratio of current assets and current liabilities, which is a fair test as to the ability of the company to carry on. In 1939 the current assets were \$13,652,000 odd. The current liabilities were approximately \$3,000,000. In other words, in 1939 the ratio of current assets to current liabilities was roughly 13 to 3. By 1945 that ratio had risen to 23 to 3. In other words, the current assets, meaning by that, investment money in the bank, inventories and so on, was \$23,000,000 odd and the current liabilities were about \$3,000,000.

Mr. CASE: That does not include capital equipment?

Mr. ROBINETTE: No, it does not.

Mr. CASE: I mean improvements in the plant.

Mr. ROBINETTE: The figures I have given you, as far as current assets are concerned, consist of inventories—I presume that is marketable goods—trade accounts and investments. For example, in 1945 the company held \$6,700,000 worth of Dominion of Canada bonds and cash on hand totalling \$23,000,000. The property of the plant, that is capital assets, so to speak, are valued in 1945 at \$23,000,000.

Mr. GIBSON: What is the 1939 figure?

Mr. ROBINETTE: \$13,652,000. The properties of the plant in 1939, after setting up the proper reserve for depreciation, was \$28,338,096.02 compared with the figure in 1945 of \$23,537,000.

Mr. GIBSON: The depreciation reserve is up?

Mr. ROBINETTE: Yes, from approximately \$12,000,000 in 1939 to \$23,000,000 in 1945.

Mr. SINCLAIR: Do you regard that statement as showing that the company is in bad shape?

Mr. ROBINETTE: No, in very good shape.

In addition to the surplus in their revenue account, they have a capital surplus indicated in their statement in 1939 of \$6,500,000. That capital surplus has remained the same throughout years and is the same in 1945. I would say, looking at the picture of the Dominion Steel and Coal Corporation from their balance sheets, that the company is in a very good position.

Mr. HOMUTH: That is only with regard to the Dominion Steel and Coal Corporation. Do you not think, Mr. Robinette, that the breakdown should be on the steel company itself?

Mr. ROBINETTE: I agree with that.

Mr. HOMUTH: What you are giving to this committee is breakdown of the whole ramification of all their business. It is not the Dominion Steel and Coal Corporation that is being struck against; it is the steel plant of it, one of the subsidiaries.

Mr. JOHNSTON: That is part of the whole.

Mr. SINCLAIR: The main part of the whole. Without that they would not have a company.

Mr. HOMUTH: I think that in a breakdown we ought to have some figures for this subsidiary itself.

Mr. ROBINETTE: I am merely giving you the figures in the form they were given to me. The lists with regard to the Sydney steel plant are already on the record. This deals with all subsidiary companies.

Mr. HOMUTH: We are getting figures from you with regard to the whole setup, the whole amalgamation of companies. If you give figures like that, supposing the whole organization was out on strike, and were asking for certain wage rates, and so on, what would be the ability of Dosco to pay them? I think you are giving this committee a false impression.

Mr. SINCLAIR: I think that Mr. Robinette is giving us the figures as they were filed.

Mr. HOMUTH: What we are giving to this committee today are the figures of a great parent company. We are dealing with a strike in the steel plant. Supposing the whole ramification of their business were to make the demands that are being made for the steel plant itself, what would be the ability of Dosco to pay these wages as compared with what their surplus may be?

Mr. JOHNSTON: Take a little bit out of these huge profits.

Mr. HOMUTH: I say that we have got to get this picture before the committee in a fair way. The impression will go out that Dosco has so many millions of surplus, and there should not be any question of having it go into the steel company and settling this. If there were a strike in all the rest of the companies, what would the picture be? The steel company has to stand on its own feet. I admit that there might be the possibility that the steel company is selling to some of the subsidiaries at a price lower than they should sell it. I do think you are giving this committee a false impression. You should give the figures on the basis of the whole business being on strike and making the same demands.

Mr. ROBINETTE: I have only interpreted, for the benefit of the committee, the figures given to me by Mr. Anson.

Mr. HOMUTH: I think your interpretation should be given with some explanation. You cannot show half a picture. Show the whole picture.

Mr. ROBINETTE: I thought it was pretty clearly understood that these balance sheets showed an over-all picture of Dosco. In so far as the Sydney steel plant is concerned, it is on the record that it showed a substantial loss. I can ask Mr. Anson if I can find him, to give us figures more in detail about the Sydney steel plant. Your observations are quite correct that this deals with the whole picture.

Mr. HOMUTH: In giving the figures in this way, the implication is that here is a company of millions and millions of reserves; here is a company with a tremendous capital reserve, and looking at those reserves in the financial statement as compared to the steel end of the business, it would look as though they should meet the demands; but if you give a picture whereby you show the same demands over the whole company and its subsidiaries would do this, thus and so, then we have a picture that is a real picture.

Mr. ROBINETTE: That is quite right, Mr. Homuth; that this deals with the overall picture. They did not supply me with figures on the Sydney Steel Plant. All I have done is to interpret some of the figures in exhibit 24.

Mr. GILLIS: I think Mr. Robinette has done the committee a service.

Some Hon. MEMBERS: Hear, hear.

Mr. GILLIS: He has brought in an analysis of Dosco's position, something Mr. Anson did not do for us; we had to go to our counsel to get that. Mr. Homuth is not correct when he says that the Sydney plant is the only section of Dosco in this statement. The present wage demand by the steelworkers union covers all Dosco's subsidiaries in the production of steel, all fabricating plants; take the plant on strike at Windsor, and it covers the Montreal fabricating plant as well. The question I would like to ask Mr. Homuth is this; does he want wage questions to be handled section by section at Dosco and each section stand on its own feet? Let us suppose, for example, that this committee requested the decentralization of Dosco, breaking it down unit by unit and making each unit stand on its own feet.

Mr. HOMUTH: Mr. Chairman, I am not on the witness stand, but I want to say this, that if the steel end of Dosco is on strike there are other parts of Dosco that are not on strike. There are other parts of Dosco who fit into this

whole ramification. What will the picture be for the whole organization in the light of the statement you have given us today?

Mr. GILLIS: That does not answer the question either, if you want wage questions settled plant by plant, then I presume you will be prepared to support the decentralization of that organization to make each unit stand on its own feet.

Mr. HOMUTH: If you had decentralization of the steel end of it they would close up.

Mr. GILLIS: No, they would not.

Mr. HOMUTH: They would have to close up; Mr. Gillis does not want all these people turned out of work and the plants closed.

Mr. GILLIS: They would have had to close had the Canadian government not underwritten the operations of the steel plant at Sydney. If there is any credit to be given to anyone for keeping that plant in operation the credit goes to the government. It would have been shut down long ago had it not been for the government.

Mr. HOMUTH: That is the first time I ever heard you saying that about the government.

Mr. GILLIS: Oh well, I like to give credit where credit is due, and in this particular case they came to the aid of Dosco. Now, I think that an organization such as Dosco which is ramified all through the economy of this country and they can shoulder their profits from one company to another and make it rather difficult to find out exactly what the position of each plant within the corporation is. As Mr. Homuth pointed out a moment ago, they can credit the loss to some of their subsidiaries and show profits which affect the wage demand of the employees.

The CHAIRMAN: Order, please.

Mr. GILLIS: I knew you would stop me.

The CHAIRMAN: No. I am sorry to have to interrupt you, Mr. Gillis, but I understand Mr. Homuth is not quite satisfied with the statement made.

Mr. HOMUTH: No, I am not.

The CHAIRMAN: Or the explanation given by Mr. Robinette, and he feels that further information should be given by Mr. Anson; so, if Mr. Homuth is kind enough to put a motion before the chair I will be very glad to accept it, to have further information from Mr. Anson about the financial position of the subsidiary. I think that would be the proper way in which to do that.

Mr. HOMUTH: I would like to move that the committee, in view of the statement made by Mr. Robinette, have a breakdown in such a way that for the sake of the demands being made now on the three companies that we will find out what the position of the company would be.

Mr. GILLIS: Mr. Chairman, before that motion is put, may I say that in my opinion when Mr. Anson came before this committee he did a good job in giving his evidence and that he gave us all the information he had as to his organization. The information Mr. Robinette has given to us, is obtained, I understand, from the balance sheet supplied by Price Waterhouse and Company and shows the general situation in the whole organization, and it shows that their working capital has gone up from \$3,000,000 to \$9,000,000, and their reserves from \$13,000,000 to \$23,000,000. That would seem to indicate that they were doing very well while they were working for the taxpayers of Canada. The fact of the matter is that Mr. Anson told us also that they have not made any offer in the matter of wages. And now, Mr. Chairman, we have got to settle this strike. I am pleased to hear Mr. Homuth make that statement that this industry should stand on its own feet, plant by plant.

Mr. HOMUTH: Oh well now, Mr. Chairman, Mr. Gillis is not going to put words into my mouth, things that I did not say. What I said was this: if we are going to get the picture of Dosco's whole financial situation then we have also got to have a picture of what it would be if all the Dosco company were faced with the same demand, and their ability to pay. And if they have the ability to pay, let them pay. At least I did not say what Mr. Gillis said: each company must stand on its own. But I do not know what the ramifications of the company are. If Mr. Robinette puts before this committee a financial set-up showing millions and millions of dollars worth of reserves and so on, then we ought to have the other side of the picture showing what their ability to pay would be, their capacity to carry on, if the same wage demand were made for the whole company as is now being made on the steel plant.

Mr. CASE: I will second the motion made by Mr. Homuth.

Mr. ROBINETTE: I will ask Mr. Anson to submit the information. All I was trying to do was to interpret the exhibit (exhibit 24) for the convenience of the committee.

The CHAIRMAN: Mr. Murchison.

Mr. C. A. L. Murchison, Chairman Alternate, National War Labour Board, recalled.

The WITNESS: Mr. Chairman and gentlemen, it would appear that in reporting the indices of wage rates yesterday for the years 1939 to 1945 I inadvertently reported that the index 100 was the average 1936 to 1939 rate. That is not correct. The index 100 should be limited to the 1939 rate.

Secondly, Mr. Smith asked for some information as to the index numbers of the three basic plants at Sydney, Hamilton and Sault Ste. Marie. I want to report to you, sir, that we have our staff working on that information and that it will be available on Friday.

Later on in the morning I hope to present to the committee a report showing the result of the decisions of the Regional War Labour Board and the National War Labour Board in respect of employee applications. And now, we were only able to go back a certain distance within this limited time. I suggest you may find that it will be a fair cross-section, but if you want us to go back further it will just take that much longer time. I want also to point out to the committee that prior to the 9th of December, 1943, the regional war labour boards were not required to file their decisions with the national board. Therefore, if we go beyond that date we will have to send out to the regional boards for that earlier information.

Now, I would like to read to you a statement of the National War Labour Board concerning wage development in the steel industry. You have copies of that statement before you; it reads as follows:—

**CHRONOLOGICAL STATEMENT OF WAGE DEVELOPMENTS
IN THE STEEL INDUSTRY**

1. In January, 1939, the basic wage rate for unskilled labour at Algoma Steel Corporation, Limited, Sault Ste. Marie, Ontario, was 41½ cents per hour. In August, 1940, it was increased to 43½ cents and in December, 1940, to 45½ cents per hour.

The equivalent rate at the Steel Company of Canada, Hamilton, Ontario, was 46½ cents per hour.

At the outbreak of war the basic wage rate for unskilled labour at the Dominion Steel and Coal Corporation, Limited, Sydney, N.S., was 43½ cents per hour, at which level it had been since 1937.

2. On March 18, 1942, employees of Algoma Steel Corporation Limited, members of Local 2251, United Steel Workers of America, made application to the Regional War Labour Board for Ontario for an increase in the basic wage rate for unskilled labour to 55 cents per hour.

On March 31, 1942, employees of Dominion Steel and Coal Corporation, Limited, members of Local 1064, United Steel Workers of America, made application to the Regional War Labour Board for Nova Scotia for increase in the basic wage rate for unskilled labour to 55 cents per hour.

On May 21, 1942, the Ontario Regional Board sent an officer to make a factual investigation, which officer reported results of his study on June 10. On June 19, 26 and 30, the Ontario Regional Board requested a committee of the union to appear and representatives of management respectively and on June 30 the company was requested to supply additional information.

On July 17, 1942, the application of the employees of Dominion Steel and Coal Corporation, Limited, was refused by the Regional War Labour Board for Nova Scotia.

On July 20, 1942, the Regional War Labour Board for Ontario, not being unanimous as to what their decision should be, referred their file on the Algoma Steel case to the National War Labour Board and the file was returned to the Regional Board on August 4, 1942, with the National Board's comments thereon.

On or about August 14, 1942, the Ontario Regional Board recommended to the employees and the company that they should negotiate with a view to reaching agreement and, if possible, to present joint application to the Board for suitable rates for particular classes.

3. Agreement not being reached between the parties, on September 14, 1942, at the suggestion of the union, a Royal Commission was appointed by order in council, P.C. 8267, under the Chairmanship of the Honourable Mr. Justice Barlow, the Ministers of Labour for Ontario and Nova Scotia concurring. Preliminary meeting of the Royal Commission was held in Toronto on October 5, 1942, and it commenced hearings at Sault Ste. Marie on November 2 and at Sydney on November 10 of that year. Matters concerning working conditions were before the commission as well as the question of wage rates for employees represented by the union employed by the Algoma Steel Corporation, Limited and Dominion Steel and Coal Corporation, Limited.

The employees of Algoma Steel Corporation, Limited, asked the commission to recommend to the regional board an increase in hourly wage rates of $9\frac{1}{2}$ cents for all employees receiving 75 cents per hour or less and in gradually lessening amounts until in the case of employees receiving \$1.45 per hour or over a 4 cent per hour increase was asked.

The employees of Dominion Steel and Coal Corporation, Limited, asked an increase of $11\frac{1}{2}$ cents per hour for all employees receiving 50 cents or less per hour and by graduated scale down to 8 cents per hour increase for those receiving more than 80 cents per hour.

Early in January of 1943 a majority report of the Royal Commission and a minority report were received by the Minister of Labour. The majority report found that the prevailing basic wage rates for unskilled labour of $45\frac{1}{2}$ cents per hour, plus 5 cents cost of living bonus (a total of $50\frac{1}{2}$ cents per hour) then paid at Sault Ste. Marie and of $43\frac{1}{2}$ cents per hour, plus 9 cents cost of living bonus, (a total of $52\frac{1}{2}$ cents per hour) as then paid at Sydney, "were not substandard but in fact above the average rates generally prevailing for that class of labour". As for the basic wage rates for jobs other than unskilled labour, the majority report found that such rates of the two companies were not lower than generally prevailing rates, with the exception of wage rates for maintenance men and the report recommended that management and employees enter into negotiation with a view to making joint application to the respective regional war labour boards on that point. There were certain other matters affecting working conditions which the report also dealt with and recommended. The majority report also

recommended a careful study looking to a reclassification and evaluation of jobs and the appointment of "management-union-employee committees" in the different departments of each company.

In the minority report there was agreement with recommendations in respect of working conditions but it differed on the question of increased basic wage rates, the employees' contention as to required increases being supported.

By Mr. Black:

Q. Mr. Chairman, if the witness will allow me: do I understand that Sydney was paying a higher wage rate at the same time, a wage rate higher than was being paid at Algoma?—A. That is right, in the first instance—in 1939. The high was paid at Sydney, 46·5 cents; next was the Steel Company (Hamilton) 43·5; and low was Algoma, 41·5. That is where we started.

4. On January 12, 1943, 5,500 employees of the Dominion Steel and Coal Corporation, Limited, Sydney, N.S., went out on strike and on January 14, 5,000 employees of Algoma Steel Corporation Limited, followed.

5. The parties, both labour and management met the government and conferences were held as a result of which a "Memorandum of Understanding" was reached. This understanding was implemented by order in council P.C. 689, dated January 26, 1943. Upon passage of the order in council the employees went back to work.

6. Pursuant to order in council P.C. 689, application was made to the National War Labour Board by the United Steel Workers of America, acting on behalf of the workers represented by them, employed by Algoma Steel Corporation Limited, and Dominion Steel and Coal Corporation, Limited. The application specifically asked:—

1. That the said firms be designated national employers under the terms of the by-laws of the National War Labour Board;
2. That the 55-cent minimum rate of earnings established by P.C. 689, and by the "Memorandum of Understanding" thereto attached, be declared to be the minimum or base wage at each of the said plants, and,

I want to point out, gentlemen, that the Steel Company of Canada was not in the picture at this time.

3. For payment, in addition to the said 55 cents, of a full cost-of-living bonus calculated on the rise in the cost of living since August, 1939.

A hearing was held before the National War Labour Board under the chairmanship of the Honourable Mr. Justice C. P. McTague on March 4, 1943, at which all interested parties had opportunity to make their submissions and on March 31, 1943, the national board gave its decision which may be summarized:—

- (1) The Wage Control Order having been amended in the meantime to provide for appeals to the national board from regional board decisions, there was no longer need to declare the basic steel industry "national employers."
- (2) A minimum "basic" wage rate of 50 cents per hour was established for both Algoma Steel Corporation, Limited, and Dominion Steel and Coal Corporation, Limited, plus cost of living bonus of 9 cents per hour at both plants, with provision that despite any future decline in the cost of living index number the combined earnings should not drop below 55 cents per hour.

Items 1 to 4 of the "Memorandum of Understanding" (as to maintenance men, overtime and job evaluation) or such of them as would be within the board's jurisdiction, were not brought before it at this time, and it was further

indicated by representatives of the employees that a "new case" would be presented in due course on the question of possible upward adjustments of rates for occupational classifications above the minimum or basic rate arrived at by this decision and the board reserved the rights of the parties to so apply.

7. On March 3, 1943, Steel Company of Canada, Limited, Hamilton, Ont., made application to the Regional War Labour Board for Ontario requesting that their current range of rates of 46½ cents to 51 cents per hour be "stabilized" at 51 cents and a 4-cent per hour increase be added thereto. In other words, they asked a new base rate for unskilled labour of 55 cents per hour.

This did not include the cost-of-living bonus.

On April 20, 1943, the Steel Company of Canada, Limited, supplemented its request by also asking an increase of 4 cents per hour in all wage rates above the base rate.

On May 31, 1943, the Ontario Regional Board approved a new base rate of 50 cents per hour and cost-of-living bonus of 9 cents per hour, effective from November 1, 1942. This decision, except with respect to the period of retroactivity, equalized the common labour or basic rate at Hamilton, Sault Ste. Marie and Sydney.

From that point, gentlemen, the base rates have been the same and have continued that way until a later date to which I will refer.

On June 7, 1943, the Ontario Regional Board refused the company's application in respect of a 4-cent per hour increase for rates above the base rate.

On July 16, 1943, Steel Company of Canada, Limited, resubmitting an application by classifications which included a base rate of 55 cents per hour for common labour. On July 22, 1943, the Ontario Regional Board generally approved the schedules as from July 1, 1943, establishing at the Hamilton Works a 55-cent per hour base rate with graduated increases to other classifications above that figure.

8. On July 26, 1943, in the matter of Algoma Steel Corporation Limited, and on July 31, 1943, as regards Dominion Steel and Coal Corporation, Limited, representatives of United Steel Workers of America, submitted to the National War Labour Board further applications respectively as the 'new case' pursuant to order in council P.C. 689. The applications asked generally for:

- (a) adjustments in wage rates of maintenance men and,
- (b) for restoration of differentials for jobs rated above the basic wage, as those had been disturbed by the increase to 50 cents in the minimum rate and,
- (c) for an increase in the basic rate to 55 cents per hour.

A hearing was called but postponed at the request of the Union's representatives, and the national board on September 9, 1943, gave a decision directing an increase of 4½ cents per hour for all Algoma Steel employees whose basic rates prior to increase in the latter had been above the former basic rate of 45½ cents per hour. In the case of Dominion Steel and Coal Corporation, Limited, an increase of 6½ cents per hour was ordered in all rates previously above the former basic rate of 43½ cents per hour at that plant.

Those increases applied to both maintenance and production workers and were made retroactively to March 23, 1943—the same date as that from which unskilled labour had received an increase of 4½ cents and 6½ cents at Sault Ste. Marie and Sydney respectively under the National Board's decision mentioned in paragraph 6 of this memorandum.

By Mr. Black:

Q. Is this the stage where the 5 cents differential entered into it?—A. Not yet, sir; there was a difference in the cost of living bonus, I think you will find. The differential did not arise until later.

9. On October 21, 1943, application was made by Local 2251, United Steel Workers of America to the Regional War Labour Board for Ontario.

This is where the differential developed, sir, for a further increase of 5 cents per hour in the base rate of Algoma Steel Corporation, Limited. This was granted by the regional board establishing a new base rate of 55 cents per hour and decision was not appealed to the national board by the corporation.

By Mr. Maybank:

Q. I note that a paragraph of the statement has been left out. Perhaps it was deliberate. It arose by reason of Mr. Murchison's answer to Mr. Black; when he resumed he jumped that paragraph. It may have been intended.—A. No, I intended to put in on the record. I shall read it:—

In so far as the applications had asked for a further increase in the base rate itself of from 50 cents to 55 cents per hour, the national board concluded that its jurisdiction in that respect under order in council P.C.689, had been exhausted, and so declared without prejudice to any further application which they might wish to make to the appropriate regional boards.

9. On October 21, 1943, application was made by Local 2251, United Steel Workers of America to the Regional War Labour Board, for Ontario, for a further increase of 5 cents per hour in the base rate of Algoma Steel Corporation Limited. This was granted by the regional board establishing a new base rate of 55 cents per hour and decision was not appealed to the national board by the corporation.

10. Wartime Wages Control Order, 1943, P.C.9384, which had come into force on December 9, 1943, required that as from February 15, 1944, previous authorized cost of living bonus of 11 employers subject to it would be incorporated into wage rates.

A small increase in cost of living bonus having taken place in the meantime from 9 cents to 9½ cents per hour consequent upon a rise of 1.4 points in the cost of living index, the resulting basic wage rates at the three plants as of February 15, 1944, become as follows:

Dominion Steel & Coal Corporations, Ltd.....	59½ cents
Algoma Steel Corporation, Ltd.....	64½ cents
Steel Company of Canada.....	64½ cents

11. Items 1 and 3 of 'Memorandum of Understanding' of January 26, 1943, having provided for negotiation between management and labour as to rates for maintenance men, and for a reclassification of job evaluation and the parties not having been able to get together on these matters, Local 2251, United Steel Workers of America, filed application with the national board on January 10, 1944, for reclassification and increases for the maintenance staff of Algoma Steel Corporation Limited.

The case was heard by the board on February 3, 1944, and in its 'Reasons for Decision' dated February 17, 1944, thereon, the Board took the view that proper classifications and rates having regard to the job content could only be rationally determined by such a survey on the ground as the 'Memorandum of Understanding' evidently contemplated. The board recommended that the parties undertake such joint survey forthwith and intimated that in event of their failure to undertake to do so within a reasonable time the board would itself appoint a competent referee to make a factual study.

After a considerable delay and the parties still not having reached agreement to undertake such joint survey or to mutually agree upon a referee to do so, an officer of the national board was appointed to make the 'factual study', which undertaking was commenced as for Sault Ste. Marie on June

12, 1944. He reported exhaustively as to recommended reclassifications and rates for maintenance men at the Sault Ste. Marie plant.

A similar 'factual study' was commenced on or about September 15, 1944, of maintenance classifications and job rates at the plant of Dominion Steel and Coal Corporation, Limited, at Sydney, N.S., and report duly made by the board's officer thereon. It took some time to prepare these reports and particularly that for Sydney because of delay occasioned by the parties in developing basic information.

Copies of these reports having been furnished to the parties in January, 1945, they were asked to confer and apply for approval to implement. They were in general agreement with the conclusions but differed on certain items. The union thereupon applied to the national board for a direction that the reports be implemented. Hearing was held on March 13, 1945, as for Algoma Steel Corporation, but decision was deferred until the Dominion Steel and Coal case could also be heard. Shortly thereafter Local Union 2251 and the Algoma management had come to agreement as to the proposals for Sault Ste. Marie.

The Dominion Steel and Coal Corporation case was heard on April 6, 1945, and on May 3, 1945, the national board issued its decision, which directed both companies to implement the schedules in the referee's report, with some slight modifications, with effect from August 22, 1944.

In the Sydney case some delay occurred in putting the Board's Finding and Direction into effect. No sincere attempt seemed to have been made by the parties in getting together on matters of interpretation of the order and the board sent its officer to Sydney again. He was successful in ironing out the difference and bringing the parties into agreement on job descriptions and their application to particular employees and payment was inaugurated.

It should be noted that the effect of this decision was to give the maintenance crews (constituting approximately 20 per cent of the working force at both plants), or most of them, an increase in compensation through reclassification in addition to the direct wage increase granted by the board's decision of September 9, 1943, of 4½ cents at Algoma Steel and 6½ cents at Dominion Steel and Coal Corporation, Limited, received by all workers employed on jobs above the basic rate.

By Mr. Smith:

Q. What do you mean by that?—A. That means a differential between the production workers on one hand, and the maintenance workers on the other. This memorandum of understanding that we have referred to contemplated that the national board would deal only with the maintenance employees. Within the adjustments in increased wages brought about were adjustment for these employees who were receiving more than the basic rate.

By Mr. Black:

Q. Mr. Chairman, this is confusing to me. There is an increase on September 9, 1943 of 4½ cents to Algoma and 6½ cents to Dominion. I want to know to what level this increase brought both plants?—A. Mr. Black, these were rates concerning the employees who were in the pay brackets above the basic rate, and there are many, many classifications and many, many rates. I have to supply the committee with a detailed statement of the experience in adjustment of wages between 1939 and 1945, and that general picture as to what you want will come out.

Mr. SMITH: You have part of it on page 7.

Mr. GILLIS: Is it the intention to allow the witness to finish his brief and then question him or to question him now? I would suggest that he finish reading his brief.

The WITNESS: Commencing at the top of page 6:—

These decisions in respect of maintenance men finally disposed of all matters coming under the original jurisdiction of the National Board by Order in Council P.C. 689 and any undue delays in decisions were due, as explained, to the parties themselves having neglected either to make the pertinent applications promptly or through having failed in negotiations contemplated by the "Memorandum of Understanding".

12. As stated earlier, Local 2251, United Steel Workers of America, notwithstanding that issues under Order in Council P.C. 689 were still outstanding before the National Board, made application in October, 1943, to the Regional War Labour Board for Ontario for a further increase in the base rate of 5 cents per hour for employees of Algoma Steel Corporation Limited. This increase to 55 cents plus cost of living bonus was granted by the regional board and the corporation carried no appeal from that decision to the national board.

This increase in base rate had the effect of again disturbing differentials of employees of Algoma Steel Corporation paid higher rates than the previous base rate and on June 12, 1944, the union made application to the regional board for increases for production workers claimed necessary to restore the differentials. This application the regional board declined on October 18, 1944, but granted leave to appeal, which appeal was made on November 20, 1944, to the national board.

Appeal was heard January 10, 1945, and the national board's decision dated March 9, 1945, was that the differentials having been disturbed by an increase of 5 cents per hour in the base rate it would only be reasonable to adjust the rates of the more highly paid workers accordingly, but on a gradually diminishing scale to preserve differentials. The effect was to give classifications rated at 61 cents to 65 cents per hour a 4 cent per hour increase, and by $\frac{1}{2}$ cent stages to "taper off" the increase until when employees at a 90 cent an hour rate were reached no increase was given.

13. On April 26, 1944, Local Union 1064, United Steel Workers of America, also made application to the Regional War Labour Board for Nova Scotia for an increase to 55 cents per hour (exclusive of former cost of living bonus) in the base rate of Dominion Steel and Coal Corporation and of 4 cents an hour for workers above that rate. After hearings in great detail before the regional board on June 19, 1944, and November 13, 1944, that board refused the application by its decision dated November 19, 1944. The company had argued inability to pay but the principal ground for the regional board's decision was that no "gross inequality or gross injustice" had been shown.

The case was appealed to the national board on December 13, 1944, and hearing was held January 11, 1945. Because of the company's plea of financial inability to pay and for other pertinent reasons the board required some time to consider the matter and on June 14, 1945, "Reasons for Decision" were issued, dismissing the appeal.

14. Local 1005, United Steel Workers of America applied to the Regional War Labour Board for Ontario on July 18, 1944, for establishment of an 8-hour day for employees (approximately 315 would be affected) at the Hamilton and Ontario works of the Steel Company of Canada Limited, with compensatory adjustments in wage rates. By finding and direction dated November 8, 1944, the Ontario Regional Board refused the application.

Leave to appeal having been granted the case was heard by the national board on January 24, 1945, and on January 25, 1945, appeal was dismissed.

15. On August 28, 1945, Local 1064, United Steel Workers of America, made a further application to the Regional Board for Nova Scotia in substantially the same terms as in their application last referred to, i.e., for a minimum

or base rate of 64½ cents per hour and corresponding increases for classifications above that rate, on the principal grounds that parity of rates should be established in Ontario and Nova Scotia plants.

On January 8, 1946, after hearings of December 4, 1945, the Regional Board for Nova Scotia denied the application. Leave to appeal having been granted and such appeal having been filed February 23, 1946, on April 11, 1946, the appeal was heard by the National War Labour Board, and the board by a majority decision (one member dissenting) upheld the regional board's decision and dismissed the appeal on May 30, 1946.

Prior to July 4, the National War Labour Board had agreed to open for review its decision on appeal and to hold a further hearing if either party could present evidence which had not previously been before the board. However, the current strike of the employees concerned has intervened to prevent any further consideration of this case by the board at this time.

I might add, also, that the fact that this matter is before the committee has caused us to withhold any action.

16. The sequence of wage developments as enumerated refers only to requests for what might be called "general wage increases". In addition there have been before the War Labour Boards from time to time a number of other applications both from the companies and the Union covering such matters as vacations with pay, overtime conditions and as affecting particular operations or departments applications in respect of incentive rates. Many of these were approved, others were declined, generally they affected a relatively small number of employees.

17. Earlier in my remarks I gave the respective basic rates for unskilled labour as paid at the outbreak of the war by the three companies.

The following table will show the actual and percentage increases which have taken place since that time for each company.

BASIC COMMON LABOUR RATE

	<i>Month of August, 1939</i>	<i>Present Rate</i>	<i>Increase in ¢ per hour</i>	<i>% Increase</i>
Dominion Steel and Coal Corp. Ltd.	43½	59½	16	36·7
Algoma Steel Corporation Ltd.....	41½	64½	23	55·4
Steel Company of Canada, Ltd.....	46½	64½	18	38·7

18. One of the main issues of the present dispute is the demand of the United Steel Workers of America for a further increase in wage rates of 19½ cents per hour but to date no application has been made to any war labour board from any source for approval in respect of it.

OTTAWA, Ontario

July 22, 1946.

By Mr. Robinette:

Q. Mr. Murchison, I just want to ask you a couple of questions. With reference to the present dispute, will you explain to the committee the adaptability of Section 35 of the Order you operate under? You have said that no application was made in any particular for the approval of a wage increase. What is the effect of the present strike as far as constituting a violation of Section 35 is concerned?—A. I would rather not answer that question. If you want to get an opinion from the Minister of Justice, that is fine. I do not think the national board should venture one.

Q. Section 35 provides "1. That every employee who strikes, or takes part in any strike,

(a) to obtain an increase in a single rate or range established under this Order, or pursuant to any direction of a War Labour Board constituted under this Order, or

- (b) to obtain the alteration of a term of employment which would, directly or indirectly, increase any such rate or range, or
- (c) for the purpose of obtaining any direction from or of influencing the decision of a War Labour Board constituted under this Order or in protest against or to obtain any alteration in such direction,

shall be guilty of an offence and liable upon summary conviction to a fine of not more than Twenty Dollars for each day or part of a day he is on strike." You say that in this case no application was made in any particular for an increase in wages?—A. There was no application before us.

Q. Mr. Millard, in his evidence, conceded that from the standpoint of the union that there was no use to do that, and there was something mentioned of the fact of delay in an appeal from the regional board to the national board?—A. The reason we gave you in detail the steps taken in the various wage disputes involved in the basic steel industry was to place everything before you, and you could decide whether there has been a delay. You will understand that the practice is that whenever a person wants an appeal, he must first seek leave from the regional board. He must do so within thirty days of the date of the decision, and then the regional board, in granting leave to appeal, will advise the appellant and that he must get his brief in to the national board within fifteen days, and therefore, the respondent, or the other side, has the same period in which to file its counter-submission and finally, as most lawyers know, the appellant has the right to reply. All that consumes almost a month and a half before the case is at issue before the national board. I do not see how you can shorten that time. You must give the parties a reasonable time in which to make submissions. Therefore, it consumes the best part of six weeks to get the case at issue before the national board. Then, there may be involved a lot of analysing on the part of the analysts of the national board, and our national board tries to bring the case for hearing as soon as possible after this issue.

MR. SMITH: Mr. Robinette, you read from section 35. What is that?

MR. ROBINETTE: The Wartime Wages Control Order. It is in the booklet we supplied you.

By Mr. MacInnis:

Q. I have just one question. Mr. Murchison, you said that usually the national board hears a case as quickly as possible. Is there any time limit in which the national board must hear the case and make a decision?—A. You mean in the Order?

Q. Yes?—A. No, sir.

By Mr. Robinette:

Q. Mr. Murchison, as I understand what you have said, your board and the regional boards only have jurisdiction over a wage dispute if one of the parties makes an application to the board?—A. Yes.

Q. Might it be preferable if your boards were given the power to reach out and bring in any wage dispute in which there is apt to be a strike?—A. It must be remembered, Mr. Robinette, that the Wartime Wages Control Orders were developed as a left bower, if you will, to the Canada anti-inflation program. In the beginning these boards were trying to hold the line and seeking to prevent any raises. Therefore, it would not be incumbent on those boards to go out seeking business. Most of the time the regional boards have been swamped with work. It may be that at this time it would be proper to permit the national board to institute proceedings of that nature. It must be remembered that we would be moving from an agency of anti-inflation to what may be regarded as a

fair wage body. Now, whether the government, and the provincial government too, will agree to that is another matter.

Q. Well, it occurred to me. Then, there has been a lot of discussion before the committee, as you know, Mr. Murchison, about a ten cent an hour limit. As far as you are concerned, or as far as your board is concerned, have you had any instruction or advice or suggestion from anyone that not more than 10 cents an hour should be granted or permitted?—A. Well, from my own personal knowledge, Mr. Chairman, I can say that the government has not interfered with the national board or regional boards in the administration of the orders. We have not been told by the Honourable the Minister of Labour or by any other minister of the Crown that we should limit our orders, our direction, to 10 cents or less. Now, if there is to be any stability in wage structure of this country boards must see to it that there is uniformity in their decisions.

It so happens that a large number of cases have recently been settled by awarding increases of ten cents an hour or in the case of cut-back in hours, ten per cent. I mentioned to you in an earlier report that it was the duty of the national board to review the decisions of the regional boards. On May 4 of this year a series of decisions issued by the Regional War Labour Board for Ontario concerning the construction industry in that province came to my notice in my capacity as reviewing officer of the Board. These decisions involved increases in various parts of Ontario and affected classifications in the construction industry ranging from six to ten cents an hour. And now, remember, at that time the war labour boards could only increase wages if that wage was low in comparison with wage rates for similar classifications in the locality. Some of the increases authorized on that date concerned wage rates at Windsor, I do not think there is any doubt about it that the wage rates in Windsor are the highest in Canada, so I was concerned about that departure from the strict interpretation of the order. I then spoke to Mr. MacNamara, Deputy Minister, and reported to him. I said, now, if we disturb these decisions we are going to disturb employer-employee relations. These incidentally were joint applications. And the deputy thereupon said he would take it under consideration and later on he intimated to me that we might as well let these decisions go. And now, it so happens that a large number of cases have recently been settled by awarding increases of ten cents an hour, or in the case of a cut-back in hours, ten per cent—that is a reduction in the working week. I have here a list of the employers whose applications have been dealt with in that manner, dealt with by the Regional War Labour Board, and sent on to the National Board for review. I do not want to weary you with the reading of the names. Anyone interested may have them.

Q. You mean, these have been adjusted on a ten cent basis on joint application?—A. On a ten cent basis on a joint application, yes.

Hon. Mr. MITCHELL: Read out the names, I want them read out.

The WITNESS: All right, then, I will read them. As I say, the ten cent increase, that did not involve a change in hours of work:
the

International Nickel Company.

Hudsons Bay Mining and Smelting Company.

Interior Logging Operations in British Columbia.

Pulp and Paper Industries—Province of Quebec and Province of New Brunswick—and Ontario.

Mr. GILLIS: Will you give us the date of these applications?

The WITNESS: They are all since May 4, anyway. I haven't got the dates.

Mr. MAYBANK: You mean May 4 of this year?

The WITNESS: Yes, sir. Then there were the
 Asbestos Corporation (Quebec).
 Barker's Biscuits Limited, Toronto, Ontario.
 National Showcase Company Limited, Toronto.
 The MacIntosh Granite Company Limited, Toronto.
 Port Colborne Iron Works Limited, Port Colborne.
 Lion Grinding Wheels Limited, Brockville, Ontario.
 Dominion Truck Equipment Co. Limited, Kitchener, Ontario.
 Textile Workers—Appleton, Ontario.
 Napanee Iron Works Limited, Napanee, Ontario.
 Duplate Tool and Dye Limited, Toronto, Ontario.
 Cobourg Matting and Carpet Co., Cobourg, Ontario.
 Newsprint Industry in the Province of Ontario.
 City Chevrolet Sales and International Association of Machinists,
 Hamilton, Ontario.
 Parker Pen Co. Limited, and International Association of Machinists,
 Toronto, Ontario.
 The Borden Co. Limited, Windsor, Ontario.
 The H. J. Heinz Co. of Canada Ltd. Leamington, Ontario.
 Construction Industry, Provinces of Ontario, Quebec, Saskatchewan
 and British Columbia.

Then, as for the 10 per cent increase coincided reduction of hours, I cite:

Mr. SMITH: Did you say per cent?

The WITNESS: Yes. If you reduce the hours of work from 44 to 40 hours per week, as was done in Imperial Oil, and give them the same take-home pay, you have to increase the wages by 10 per cent; where I refer to percentage in these cases is where there has been a cut-back in the work week.

Imperial Oil Company, Dartmouth, Nova Scotia.
 Imperial Oil Company, Montreal, Quebec.
 Imperial Oil Company, Sarnia, Ontario.
 Imperial Oil Company, Regina, Saskatchewan.
 Shell Oil
 McColl Frontenac.
 British America.
 The Clothing Industry in Ontario.
 Canadian National Carbon.
 Dominion Oxygen Company.
 Presto-Lite Company.
 Bakeries in Montreal.
 Job Printing Establishments in Regina
 Publishers in Alberta
 Mercury Press Limited, Montreal
 National Hosiery Mills Limited, Richmond, Quebec
 Canadian Laco Lamps Limited, Montreal, Quebec
 Spinners Limited, Huntingdon, Quebec.
 Commonwealth Plywood Co. Limited, St. Therese, Quebec
 Mason and Parker of Canada Limited, Coaticook, Quebec
 Canadian Breweries Limited, Toronto, Ontario
 The Goderich Manufacturing Co. Limited, Goderich, Ontario
 John S. Brooks Ltd., Dunnville, Ontario
 J. E. Love and Son, Calgary, Alberta
 Sol Max Ready-to-Wear Shop, Ottawa, Ontario
 Burroughs Wellcome and Company, Montreal, Quebec
 Men's Clothing Industry, Toronto, Ontario

Kelly, Douglas and Company Limited, Vancouver, B.C.
 Abel Manufacturing Co. Limited, Vancouver, B.C.
 Sun Publishing Co. Limited, Vancouver, B.C.
 Standard Oil Company of British Columbia, Vancouver, B.C.
 Bissinger and Co., Vancouver, B.C.
 The Woman's Bakery Ltd., Vancouver, B.C.
 Underwood Ltd., Vancouver, B.C.
 Traffic Divisions, Vancouver Telephone Companies
 Pacific Cartage Co. Ltd., Vancouver, B.C.
 Home Oil Distributors Limited, Vancouver, B.C.
 Men's and Boys' Clothing, Montreal, Quebec
 Bell Telephone Co. of Canada, Plant Dept., Montreal.

And there is the Mens' and Boys' Clothing Industry in Montreal, and the Bell Telephone Company at its plant in Montreal. These decisions affected 282,000 employees.

Mr. MAYBANK: I do not suppose Mr. Murchison has the numbers affected opposite each of the industries he was then reading, but rather just the total of 282,000. I wonder if Mr. Murchison would be good enough to file a statement, at his convenience, which could be printed opposite each of these applications, showing how many in each case.

By Mr. Croll:

Q. Were the applications all joint applications?—A. Not necessarily, Mr. Croll. There were some joint and some employer applications; but the interior logging operations in British Columbia turned out ultimately to be a joint application.

By Mr. Case:

Q. Mr. Murchison has referred to these, and said that they have been settled at a level rate of increase. There were, no doubt, differences in the basic rates of comparable industries at the beginning. I do not mean in the basic rate of them all, but there could be a comparable difference in the basic rate. The formula you have applied is to increase at a level of 10 cents.—A. That maintains the previously existing differential.

Q. Yes, that is what I mean, that is what I was coming at. You have said that there must be some uniformity. You made that statement a few moments ago. By that you are not seeking to imply that there should be a uniform wage level for comparable industries?—A. No. I think it is governed, to some extent, by the region of operations and the several employers.

Q. Yes. I notice you used a term a while ago which might not be altogether familiar to the committee. You referred to the "left bower". I do not know if many of the men here play euchre. I do not know whether you used the term "left bower" to indicate that somebody was going to be "euchred"?—A. No. I regard wage control and price control as part of the over-all anti-inflation system set up in this country.

By Mr. Croll:

Q. I understand that you said that in the construction industry, in the Windsor area, there had been a rise up to 13 per cent.—A. No, 6 to 10 cents.

Q. Where, then, did we get the impression that the construction industry had had a raise up to 13 cents?—A. I cannot tell you that, Mr. Croll. I know that at the present time there are applications before the Regional War Labour Board in British Columbia, which involve 13 cents, but they have not been reached on the agenda.

Q. Has the board approved of the applications dealing with the logging industry in British Columbia?—A. You mean the regional board?

Q. Yes.—A. Yes, it has.

Q. Has the National War Labour Board approved them?—A. Not yet.

Q. It has not come before you yet?—A. It is our duty to review them.

Q. Is there anything further on the construction industry?—A. No, except that the painters at Windsor—

Q. I am asking about the Ontario area or any part thereof. How does it rate?—A. The carpenters at St. Catharines had their rates increased—this is of May 4, 1946—from \$1.01 to \$1.10. The painters at Windsor had their rates increased from 95 cents to \$1.

Q. You say there was no increase to the construction industry in the province of Ontario above ten cents?—A. Not that I know of.

Q. Not that you know of. Mr. Gordon said, before this committee, "yes." By the way, you told us that you dealt with matters yourself on all questions of decision. You made the decisions yourself without consultation with any other body?—A. The national board.

Q. Yes.—A. That is right.

Q. I made a note here. You said you questioned the deputy minister about something or other in connection with raises and he intimated to you to let it go.—A. The reason I brought that up was that I had indicated to you that the order, as then written, did not provide for decisions such as this; so I reported to the deputy minister and, leading from that conversation, we arranged to recommend to the Governor in Council that the wages order be amended, and it was amended on the 20th of June, by bringing in the "Just and Reasonable Provision." So we were no longer encumbered by the old proceedings.

Mr. HOMUTH: May I ask Mr. Robinette to get for me the number of employees in Dosco, outside of the steel industry; the number outside the steel industry in all their industry.

Mr. MACINNIS: Might I ask one question of Mr. Murchison before he leaves?

The CHAIRMAN: Order, order.

By Mr. MacInnis:

Q. Are there any other industries outside of the lumber industry in British Columbia where there has been an increase of fifteen cents per hour granted or above ten cents?—A. At the moment I cannot name them; however we will have a further search made; but I am quite certain. Incidentally, Mr. MacInnis, there is the case of the Bell Asbestos Company where, I believe, there was an item in the paper last night to the effect that the national board had granted increases from four cents to sixteen cents. Well, that sixteen cents came about as the result of a job evaluation plan, and one classification got sixteen cents, but the general increase was four cents.

The CHAIRMAN: Order. It is one o'clock. We shall adjourn until 3.30.

The committee adjourned at one o'clock, to meet again to-day at 3.30 p.m.

The committee resumed at 3.30 o'clock p.m.

The CHAIRMAN: This is the sixth report of the subcommittee on agenda.

In relation to the visiting strikers expected to arrive in Ottawa on Thursday, August 1, your subcommittee on agenda asks to be empowered to receive a delegation of five or six persons, appointed by these visitors, in the office of the chairman on Thursday, August 1, at 3 p.m.

I might add that those visitors will gather behind the Chateau Laurier on the public park there, and any member who would like to have a personal chat with these gentlemen may do so, if they wish to.

Mr. Millard was supposed to be here now, but I do not see him. I would like Mr. MacNamara to take the stand.

Mr. BLACK: I would like to know why Mr. Millard is not here. It was understood, when we adjourned at noon, that we were to hear Mr. Millard with a labour presentation following Mr. Justice Roach and Mr. Donald Gordon.

The CHAIRMAN: I do not know why, Mr. Black, but, as a matter of fact, we may hear Mr. Millard after Mr. MacNamara.

Hon. Mr. MITCHELL: I want to say this, Mr. Chairman, that I think we should hear from Mr. MacNamara and Mr. Murchison, and then Mr. Millard can come later on.

Mr. JOHNSTON: I think Mr. Black has a very good point there. I understood that it was arranged that Mr. Millard would come here, and I understand that he was directed to be present. I think there is an explanation due to the committee.

Mr. MAYBANK: Mr. Chairman, I imagine, but I am not sure, that Mr. MacInnis was going to make some explanation. I think that the committee should be informed that the situation there is as follows: yesterday the steering committee agreed that Mr. Millard should be called at 3.30 o'clock to-day. At that time they thought the representatives of the Department of Labour would not still be here. This morning, at the conclusion of the meeting here, Mr. Millard spoke to me, and while he was speaking to me, Mr. Mitchell came along and Mr. Millard was saying that he desired that Mr. MacNamara should go on ahead of him, and Mr. Mitchell came along and expressed the same view. I asked Mr. Millard if I would have his authority to convey his idea to the steering committee, and he said, "Yes." Thereupon, the steering committee sort of reversed ourselves and decided to leave it to the committee as to the procedure to be adopted. I think we were agreed that we would act in accordance with the views of both of these gentlemen, Mr. Millard and Mr. Mitchell.

Mr. JOHNSTON: Then the steering committee did not reverse their decision on that?

Mr. MAYBANK: No, but they thought they would leave that point to this committee, and I will say now that in view of Mr. Millard and Mr. Mitchell speaking in the fashion they did, I would move that Mr. MacNamara be the first witness. I would like to add these further words; that Mr. Millard does desire to be heard this afternoon although he cannot finish this afternoon whether he commences now or commences later in the afternoon. Of course, I cannot make any cut-off date, and I do not suppose the committee can, either. I know that everybody will do all they can to accommodate them. I, therefore, move and it is seconded by Mr. MacInnis that Mr. MacNamara be heard now.

Carried.

Mr. MacINNIS: I want to add one word. We were told that the Deputy Minister of Labour should be here, and although Mr. Millard was notified to be here at 3.30 o'clock, he was quite agreeable to waiting.

Mr. CROLL: I move that the report of the steering committee be adopted.

Mr. MAYBANK: Seconded.

Carried.

Mr. BLACK: When is Mr. Millard coming on? I think there should be a definite time set for Mr. Millard to be here. I am disappointed that he is not being here at 3.30 since it is your recommendation that it be postponed, but there should be a definite time set.

The CHAIRMAN: It is impossible to fix a definite time for the hearing of witnesses. A witness is in the hands of the committee, and if the members prolong the session in questioning a witness, then time goes on, and it is very, very difficult for the steering committee to fix the time in advance. Sometimes we feel that we will be through with a witness and we are asking for some other witness, and we take all day in cross-examination. I may assure Mr. Black that the steering committee meets sometimes twice a day to try to arrange the whole thing to the satisfaction of all members.

A. MacNamara, Deputy Minister of Labour, Ottawa, Ontario, was called and sworn.

By Mr. Robinette:

Q. Mr. MacNamara, you are the Deputy Minister of Labour?—A. Yes.

Q. How long have you held that position?—A. Three years.

Q. Were you in the Department of Labour before that?—A. For 25 years I was with the provincial government of Manitoba. I came to Ottawa in 1940. I spent a year in the National Defence Department, and I have been in the Department of Labour since that time.

Q. I think the committee would be interested in hearing from you a statement, as chronologically as possible, as to what efforts were made by your department to prevent this particular steel strike, and they would be interested in any observation you may care to make?—A. We have a prepared statement, which, I believe, is now being distributed. I had thought that you would give me the privilege of making a few general comments in regard to this strike before reading the prepared statement.

I think that in fairness to the parties participating in the dispute and in fairness to the officials of the union, it is my conviction and my belief that the officers of the union and Mr. Millard are quite sincere in saying that they thought he had done everything he could to prevent the strike. On the other hand, I see in no way any evidence that either of the three companies were desirous of having a strike. Nevertheless, I believe that this is a strike that was unnecessary and unwise. I believe that errors of judgment occurred on both sides. I believe that the delays on the part of the companies were a contributing factor. I am of the opinion that it was an error in judgment on the part of the union officials not to apply to the regional boards for consideration of the wage adjustments they desired.

I think this strike stems from two or three factors. The first, the rather large, in our opinion, increases that have been granted in the United States and the difficulty that union officials will have in persuading their members that similar increases should not be granted in Canada. I think, also, that there are some sections of organized labour that have the opinion that price control is possible without wage control. There is no secret about that. One labour federation made that statement in presenting their annual brief to the government.

This strike is not due to any lack of attention as far as the Department of Labour is concerned. I think I can be fair in saying that during the last 25 or 30 years when it has been my responsibility and duty to keep in touch with labour relations, that I know of no department which has made more real efforts to adjust and settle disputes than has the federal Department of Labour in the last five or six years. The passing of the labour code or P.C. 1003 was a milestone in that direction. There has been no hesitancy in establishing boards of conciliation. We have built our conciliation service to the point where it is much better and bigger than ever before in the history of Canada, and there has been no hesitancy in appointing commissioners when these commissioners can be of benefit. I believe the records speak for themselves.

Today, with approximately 42,000 men on strike in Canada, we should remember that in February last in the United States there were 21,500,000 man days lost through strikes. In January in the United States 3,000,000 man days were lost. During the period of March 4 to June 30, 1946, the national relations boards have had 2,773 applications before them. Mr. Murchison has told you that from November 15, 1941 to April 30, 1946, the national and regional boards have dealt with 123,491 applications. Of all of these applications, in the vast majority of cases, 93.5 per cent of the applications were granted in full or in part.

. *By Mr. Maybank:*

Q. How many have been handled?—A. 123,491. I would suggest to you that the total of these two figures, 123,000 in the wage field and nearly 3,000 in the labour relations field, give you a potential strike possibility of 126,000 cases.

Now, what is the record? The total number of strikes for all causes, the number of workers involved and the time lost in man days is as follows:—

	Workers involved	Total trikes	Time lost man days
April 1, 1944 to March 31, 1945.....	72,009	198	471,061
April 1, 1945 to March 31, 1946.....	90,603	186	1,489,185
April 1, 1946 to June 30, 1946.....	83,902	77	1,547,229

The last figure is given separately because the Ford Motor Company of Canada strike at Windsor was responsible for the large number of man days lost.

The following comparison with the United States, I think, will be of interest:

CANADA			UNITED STATES	
	Time lost man days	Per cent of available work time	Time lost man days	Per cent of available work time
January	20,593	.03	19,200,000	3.13
February	12,406	.02	21,500,000	3.94
March	46,068	.06	14,000,000	2.42
April	47,116	.06	15,500,000	2.49
May	564,925	.78	11,500,000	1.81
June	93,188	1.29	3,000,000	.45

Mr. BLACK: We have not got a copy of this brief. Mr. MacNamara is quoting these figures. It is very confusing to us. I think we should have a copy of this.

The WITNESS: I might say that the figure for June of this year as reported to us, in so far as the United States is concerned, is the lowest figure they have had there since before the war.

I am of the opinion that our conciliation officers and our conciliation boards and our commissioners have done excellent work, and I believe the record shows that. There have been some references to Australia as having a much better record than Canada because of the compulsory features in their laws that our country does not have.

By Mr. Homuth:

Q. What was that, again?—A. Australia has often been quoted as having a better record than our own because of the compulsory arbitration features and their labour courts that we do not have in Canada. Yet, we find their strike record in April and June, 1946, is very large, 8,000 meat packers and miners plus some 6,000 sympathy strikers have been out for four months.

Q. Have you the percentage?—A. No, the figures are not available and it has been suggested to me that they are so bad they do not want them made public.

Mr. SMITH: May I interrupt in respect to these preliminary features. According to Mr. Gordon this country is in a terrible state. This evidence just given by Mr. MacNamara indicates that we are not. What in the world is the object of it? We are either in that position or we are not. I agree with the other man.

Mr. CROLL: It merely indicates that some people are worse off than we are.

Mr. SMITH: I disagree with you, too.

Mr. HOMUTH: What Mr. MacNamara is saying is that the difference is that while conditions in some countries have bettered and ours have worsened, we still are a little better off than where they have a labour government.

Mr. CROLL: I did not say that at all.

By Mr. Gillis:

Q. I think you should answer Mr. Homuth's question to keep the record straight on that point. Mr. Homuth has made a statement that the figures you put on the record as regards the United States, Canada and Australia were put on there to indicate that they are much worse off in countries where they have labour governments than we are here.—A. Of course, that is not my intention. As a matter of fact, it is quite obvious because the United States, as yet, have not got a labour government. That may be suggested in respect to Australia, but certainly that was not my purpose in mentioning it. Mr. Chairman, with your permission I will not read the chronological statement that the members have before them.

Statement of Developments in Dispute between The Steel Company of Canada, Ltd., Hamilton, Ont., Algoma Steel Corporation, Ltd., Sault Ste. Marie, Ont., and the Dominion Steel and Coal Corporation, Ltd., Sydney, N.S., and their employees represented by Local Unions 1005, 2251, and 1064 of the United Steelworkers of America from July 20, 1945, to receipt of the Interim Report of the Commissioner on July 18, 1946.

July 20/45, Mr. C. H. Millard sent to the Minister of Labour a copy of the union's "Reconversion Program" and a copy of a submission to the Minister of Reconstruction. The former urged: (1) Establishment of a tripartite Council in the steel industry; (2) Establishment of full collective bargaining and union security "throughout the industry"; (3) Establishment of union-management production committees; (4) A guaranteed minimum annual wage of at least \$1,750 for all steelworkers; (5) Maintenance of necessary wartime controls; (6) Continued government ownership and operation of all publicly financed plants in the postwar period. (Acknowledged July 24 by minister). The action taken on that was simply to acknowledge it, which was done by the minister.

Feb. 16/46, the deputy minister wrote to Mr. Pat Conroy relative to a discussion between himself, Mr. Conroy and the Director of Industrial Relations in connection with the proposed designation of "steel" as a national industry. With reference to sections 2 and 3 of P.C. 689 of January 26, 1943, Mr. MacNamara referred Mr. Conroy to a judgment of the National War Labour Board of March 31, 1943 (page 10) which contained a decision on the point.

February 18, Mr. Millard wrote the Director of Industrial Relations suggesting that the union's organization of the employees of Stelco had removed the chief "excuse" put forward by the N.W.L.B. for not regarding steel as a national industry. (Acknowledged February 21).

February 28, Mr. Millard wrote the deputy minister that his letter of February 16, to which I have just referred, to Mr. Conroy was wholly unsatisfactory.

On Feb. 28, Mr. Millard wrote the Minister of Labour stating that since the N.W.L.B. decision of March 31, 1943, the union had been certified for Stelco employees in the Canada, Ontario and Hamilton Works of the company at Hamilton and at plants at Gananoque and Montreal; and requesting formally that the steel industry in Canada be designated as a national industry. I call your attention to that last; two letters, one to me and one to the minister; so, on March 7, I wrote Mr. Millard stating that the contents of his letter to the minister of Feb. 28 had been carefully considered. It was pointed out that in establishing wage stabilization there had been an "invasion" of certain provincial rights by the dominion; that the regional board set-up enabled the provinces theoretically, at least, to maintain some interest in the operations of wage control, and thereby keep informed of changing conditions.

By Mr. Homuth:

Q. May I just say at that point, actually the control was with the Dominion government under the War Measures Act, was it not?—A. Under the War Measures Act, yes, under the wage dispute it was done by agreement with the province. Under the original plan the ministers of labour were the chairmen of these regional boards and so acted until the work became so heavy that they had to change it.

The CHAIRMAN: Allow me to point out to the members that we should let Mr. MacNamara finish his brief before we start to cross-examine him.

It could be assumed that any efforts now made to narrow the jurisdiction of the regional boards would be met by considerable opposition from some of the provinces. For the short space of time that wage control would continue, the deputy seriously doubted the propriety of the union's suggestion. Also, many multi-provincial employers such as packing houses, etc., had not been so designated, and if a precedent were established many other groups would have to follow. Suggested appeal provisions were sufficient. This letter not to be taken as a direct and final turndown; the National War Labour Board could designate any employer or group as national employers for the purposes of the order, and the union might wish to apply to the national board.

On March 22, Mr. Conroy "renewed" in a letter to Mr. Murchison, secretary of the National War Labour Board, the request of his congress for the designation of steel as a national industry, stating that the congress "in conjunction with the United Steel Workers" would be prepared to "substantiate arguments." (A copy of Mr. Conroy's letter was sent to the minister, and acknowledged on March 28. Mr. Conroy's letter had enclosed copy of a resolution by Local 1064, U.S.W.A., at Sydney, and the minister said he was informed that the National War Labour Board had suggested to Mr. Conroy that it would hear representatives of the local on the subject when in Ottawa for a hearing on April 11).

With permission I should like to interject here something which occurred in March; I am not sure of the date. It consisted of a conversation between Mr. Millard and Mr. Cotterill, Mr. MacLean and myself in Mr. MacLean's office when the question of a renewal—rather a new agreement for the steel workers was discussed. At that time Mr. Millard was concerned in regard to this differential at Dosco. That question was discussed and it was suggested that this procedure of having the National War Labour Board consider the matter be followed out. The particular reason I mention this conversation is because the question came up in regard to wages. Mr. Millard said that his men would require a general increase and that it could not be resisted. At that time I told him that I thought there was a good deal in what he said and we got into the question of how much. There was a discussion of various figures; five cents, eight cents and ten cents; and both Mr. Cotterill and Mr. Millard gave me to understand that there was no hope of a settlement on a basis of ten cents.

On March 25 Mr. Millard wrote the Prime Minister, urging the establishment of a tripartite steel council and the designation of steel as a national industry.

On March 30 the Prime Minister acknowledged the above letter.

On April 1 the price of steel was increased.

On April 25 approval of the Minister of Labour was obtained for the appointment of a commissioner pending information as to the outcome of negotiations then proceeding or planned between the union and companies. This approval was subject to it being acceptable to the ministers of labour of Ontario and Nova Scotia.

And I record that as early as April 25 we were at that time, and the minister had given his approval to the appointment of a commissioner.

On May 2, strike vote reported to be in progress among employees of Steel Company of Canada. A strike vote had already been taken among employees of Algoma Steel Corporation at Sault Ste. Marie. Further reported that the local union in Sydney had written to the national director, United Steel Workers of America, for permission to take a strike vote of employees of the Dominion Steel and Coal Corporation, Limited.

On May 2, negotiations on wages and hours reported to be proceeding between the management of the Steel Company of Canada, Hamilton, and the union. The parties were to report what progress they have made to the Board of Conciliation, headed by Judge Miller, in Hamilton on May 7.

On May 2, reported that the management of the Algoma Steel Corporation, Sault Ste. Marie, will meet with officials of the United Steelworkers of America on May 6 or 7 to discuss wages and hours.

On May 2, reported that the executive of the local union of steelworkers at Sydney has met the management of the Sydney Steel Plant regarding its demands for increased wages, shorter hours, etc., and that the company has requested the executive to submit these demands in written form, which is being done.

On May 23, it was reported that the union had failed to receive what it considered a "satisfactory offer" from any of the three companies.

On May 28, Mr. Millard wrote the Director of Industrial Relations that unless there was a decided change in the attitude of the "big three" before June 8, "we will be compelled to conclude that no progress . . . can be made in direct and separate negotiations with these employers." Negotiations with Stelco broke down on May 22. Stelco does not plead inability to pay; just . . . they are not going to grant it, and that the \$5 increase in the price of steel is needed to make up increased costs of production. They will not consider reduction of hours. Negotiations with Algoma began May 8. Mr. Fogo made no reply on behalf of the company. He said he would relay our representations to others on the Board of Directors. He did say managements didn't care to enter into negotiations in presence of competitors. He felt Algoma was entitled to a differential between their rates and Stelco's; and that they should not be asked to settle until after Stelco had made an offer. We haven't heard from him since.

I met Mr. Anson at Sydney May 21. We were assured of fullest sympathy—but that Dosco suffered from disabilities which made it quite impossible to do anything unless they could get some further help or relief from the government.

Our National Advisory Committee meets June 9. I have notified both Fogo and Anson that unless we hear from them by June 8 with reasonable counter proposals and a request for negotiations, we will consider negotiations have broken down . . . The prospects for adequate wage, hour and vacation standards "without a showdown" are far from bright. We find it necessary to complete preparations for whatever may develop in the next few weeks. (This letter was acknowledged by the director on May 31.)

On June 3, Mr. Millard wrote Director Industrial Relations that Mr. Fogo had written that future is uncertain re supplies of coke, etc., but this does not mean negotiations have ended. Although company cannot adopt 40-hour week, it anticipates being able to make some suggestions on wages as soon as operating prospects are better defined. This was not acceptable Mr. Millard stated.

On June 6, the Director of Industrial Relations spoke to the Honourable L. D. Currie, Minister of Mines and Labour for Nova Scotia, who intimated that the proposal to appoint an Industrial Disputes Inquiry Commission would be welcomed by his government. (The Minister of Labour for Ontario, Honourable Charles Daley, had been consulted verbally earlier and had given his approval to the suggestion.)

I should interject here that these plants being regional we found it necessary as we always had to consult with the local minister of labour and this is recording that that was done.

On June 6, Mr. Gordon Fogo, Vice-President, Algoma Steel Corporation Limited, telephoned the Director of Industrial Relations. When the suggestion of the appointment of a commissioner was broached, he intimated that he was not opposed in principle.

On June 6, the Director of Industrial Relations telephoned Mr. H. G. Hilton, President, the Steel Company of Canada, and Mr. Arthur Cross, President, Dominion Steel and Coal Corporation. They were not prepared immediately to endorse the appointment of a commissioner. Mr. Cross made it clear that he would oppose a commissioner being appointed to deal with the three companies as a unit, but would welcome the idea if one were appointed to investigate the position of each company separately.

On June 7, the Deputy Minister notified Mr. C. H. Millard, National Director of Union, that after consultation with the Ministers of Labour for Ontario and Nova Scotia it had been decided to appoint an Industrial Disputes Inquiry Commissioner under P.C. 4020 to endeavour to conciliate the matters at issue and to report to the Minister of Labour if the issues could not be received by negotiations. The Deputy Minister promised to notify Mr. Millard shortly as to the name of commissioner. (Mr. Millard had previously been consulted with respect to the appointment of a commissioner).

On June 8, the Minister of Mines and Labour for Nova Scotia made a formal recommendation by telegram to the Hon. Mr. Mitchell for appointment of commissioner.

On June 8, Stelco distributed circular letters to employees at their homes reviewing demands of the union and negotiations thereon, and giving reasons why the company must oppose such an "excessive increase" in costs of production.

On June 11, the Minister of Labour appointed the Honourable Mr. Justice W. D. Roach as an Industrial Disputes Inquiry Commissioner under P.C. 4020 to investigate and report upon the dispute between the three companies and the United Steelworkers of America representing their employees.

I may say that it took approximately a week or ten days to find a judge who would take on the responsibility.

On June 12, notice of the appointment of Judge Roach was sent to the National Director of the union, to the three companies and to the Provincial Ministers of Labour.

On June 14-15, Judge Roach had interviews with Mr. C. H. Millard and suggested a program, with which Mr. Millard agreed, that the commissioner would meet representatives of the companies individually and then call a general meeting. Mr. Millard stressed the time element but promised that the union would cooperate with the commission.

On June 18, Judge Roach conferred with counsel for Dosco who was leaving for England, but indicated that the Vice-President and General Manager, or both, would be available to the commissioner.

On June 18, Judge Roach met with the Hamilton Works Manager and counsel for Stelco. The commissioner was informed that the directors of the company "after careful consideration had resolved not to participate in the hearing of the commission." The company took the position that it was not either in the public interest or in its own interest that there should be an inquiry which would consider either simultaneously or seriatim any questions between the companies and their respective employees. It also took exception to the authority of the commissioner on technical legal grounds. The commissioner asked the company to reconsider its stand in the national interest.

On June 20, Judge Roach discussed the situation with the Vice-President and counsel for Algoma. They did not object to participation in the proceedings.

On June 20, Judge Roach again spoke to counsel for Stelco who said he would speak to the Chairman of the Board of the company and other directors, and perhaps persuade them that their previous attitude as to participation was unwise.

On June 21, Judge Roach had an interview with the National Director and the counsel for the union, and advised them that he was now prepared to meet all the companies and the union at a preliminary or organization meeting on June 28 or 29. He asked the union to give him a memorandum setting out the specific issues between the union and *each* of the three companies, which Mr. Millard promised to do. The proposed joint meeting would discuss the program to be followed from that point forward, which would include the filing of briefs by each of the parties by July 6. The commission proposed meetings at least as early as July 10 with Algoma, later with Dosco and finally with Stelco, the union being represented at each meeting.

On June 25, the department received a letter from Mr. Millard stating that the union was disturbed over the progress the commissioner was making and the procedure which he proposed to adopt. Mr. Millard said it would be impossible for him to recommend the proposed program to the National Advisory Committee of the union.

On June 25, Mr. Millard was invited by the Deputy Minister to come to Ottawa before June 28 to discuss the whole situation. It was suggested that the department could appoint additional commissioners to assist Judge Roach.

On June 25, a letter was received from the Vice-President, Algoma Steel Corporation, advising that the existing collective agreement between the company and Local 2251 of the union had disposed of all matters such as recognition, check-off, seniority and vacations for the life of the contract, and that these issues were not open for discussion. The union's wage and hour demands could be discussed by reason of a reservation in the agreement in respect of them. (The company was advised to bring its viewpoint to the attention of the commissioner.)

On June 26, Mr. Millard wired the department that he could not come to Ottawa but would authorize Mr. Murray Cotterill to represent him. He said that the proposal to appoint additional commissioners to conduct separate negotiations was unsatisfactory.

On June 27, during the morning, the Minister, Deputy Minister and Director of Industrial Relations met with Mr. Murray Cotterill. The Minister reviewed the general situation in Canada and expressed the opinion that the general pattern of wage increase should not exceed 10 cents per hour. In the afternoon the Deputy Minister made a proposal to Mr. Cotterill that the department, under a plan in mind, could arrange for the appropriate Regional War Labour Boards to issue a directive for a rate increase equal to 10 cents per hour, the increase to be worked out in a manner found desirable and reasonable by the union. One method suggested was that an increase of 8 cents per hour be granted all around, and in addition that overtime rates of time and one half be paid after 44 hours per week on the understanding that the plants would

operate 48 hours per week for the present. The Deputy Minister gave a firm commitment that he would request the Wage Boards to issue the directive and also that, if an appeal was taken to the National Board, he was quite convinced the latter would not upset the decision. There was some discussion on the question of a differential but no commitment was made on this point. Much of the conversation hinged on the 5 cent differential between the Sydney plant and the Ontario plants. Mr. Cotterill was emphatic that there was no hope of the union agreeing to anything until this issue was ironed out. The Deputy Minister told him that he would discuss this point with the Chairman of the National War Labour Board and see if an arrangement could be worked out whereby there would be hope of an adjustment being made. The Deputy Minister asked whether or not the union had made any application to the Regional War Labour Boards and was told that the answer was "no".

On June 28, Judge Roach held a joint meeting in Toronto with representatives of the union and each of the companies. The meeting was not productive of any results, each of the companies taking the position which they previously had stated, namely that they were opposed to the steel industry being treated as a national industry and that there were problems affecting each company not applicable to the others.

Mr. Millard again made it plain that the union would not be satisfied unless the agreements between the union and each of the companies were uniform with respect to hours of work, rates of pay, general working conditions and union security.

The commissioner directed that the union submit a brief covering its demands on each company rather than on the companies as a group. This the union agreed to do. The commissioner also directed that each of the companies file a reply by July 9 and set July 10 for a meeting between Algoma and the union. (This meeting was later advanced to July 4 to meet the objections of the union as to the time being consumed.)

On June 29, the National Advisory Committee of the union met and heard a report from Mr. Millard. He stated that little if anything had been accomplished at the joint meeting of June 28 and that all the companies refused to enter into negotiations. Not one of the companies had a single counter proposal to make to the union's claims, and Mr. Millard said it was extremely doubtful whether any of them were prepared to make an offer even if separate negotiations took place.

On July 1, Mr. Millard notified the Deputy Minister of the results of the meeting of the National Advisory Committee on June 29. He said that he had received word from the commissioner that the Algoma negotiations were to be advanced to July 4, but notwithstanding this change in the program, it was apparent that separate negotiations would extend through most of the summer. This was entirely unsatisfactory to the union and did not meet the realities of the situation. The Commission itself was only one commission, not three separate ones, and its purpose was being frustrated by the decision to hold separate negotiations. There was not the slightest possibility of the union accepting anything less than the Sloan settlement (15 cents per hour and 44-hour week) and the Rand formula in regard to union security.

On July 1, Mr. Millard applied to the National War Labour Board, requesting it to review and re-consider its decision of May 30 rejecting the union's appeal for "rectification" of the 5 cent differential at Sydney.

On July 1, Mr. E. B. Jolliffe, counsel for the union, submitted a brief to Judge Roach to the effect that it was contrary to the terms of his commission for the companies to claim that joint negotiations ought not or could not be held.

On July 4, Judge Roach convened a meeting between Algoma and the union at Sault Ste. Marie. The only issues discussed were hours of work and rates

of pay. Evidence was brought out that the local unions of all three companies had, in effect, delegated all their powers to the International Officers and Directors of United Steelworkers of America.

The Algoma Company offered an increase of 8 cents per hour in the basic wage rate and across the Board, thereby bringing the basic rate up to 72½ cents an hour for a 48-hour week.

On July 6, Mr. Millard and Mr. Cotterill conferred with the Deputy Minister and Director of Industrial Relations. The minimum demands of the union were discussed.

On July 8, Mr. Millard wrote Mr. MacNamara confirming the minimum demands of the union, which were contingent upon their being applicable to all three companies and being accepted and made effective without the "necessity of strike action". The minimum demands were an 8 cents per hour increase across the board retroactive to April 1, 1946; a 7½ cents per hour wage increase effective October 1, 1946, a standard work week of 44 hours as from April 1, 1946, with all hours worked after 48 per week to be paid overtime; and after October 1, 1946, all hours worked after 44 per week to be paid at overtime rates.

On July 8-9, Judge Roach met with representatives of Stelco and the union at Hamilton. The company offered an increase of 10 cents an hour across the board, two weeks' vacation with pay for employees with five years' continuous service and three week's vacation with pay after twenty-five years of continuous service. The company refused any form of union security or check-off. Both parties refused to have the question of union security left for decision of the Conciliation Board. The union was prepared to have it left to arbitration but this was refused by the company.

It seemed evident that without a change of attitude on the part of the company and the union, there was no possibility of reconciling their opposing views.

July 9, the Minister of Labour wired Mr. P. Conroy, Secretary-Treasurer, Canadian Congress of Labour, who was attending the Wage Policy Committee of the congress in Toronto, that it was his hope that labour leaders would see the wisdom of using the machinery of the Wage Control Order, and expressing the view that wage increases in Canada beyond 10 cents per hour, and in some cases less, would force a break in the price ceiling.

On July 10, following consideration of the proposal of Mr. Millard submitted on July 8, he was requested to meet the Minister of Labour in Ottawa on July 10. He was, however, unable to come but he was represented at the conference by two of his officials to whom it was pointed out that the 15½ cents per hour increase proposed by the National Director, coupled with the penalty overtime rate of time and one-half after 44 hours, would mean an overall increase of approximately 19 cents per hour which, if applied in steel and generally in all other industry, would force up costs to a point where a price increase would become necessary thus forcing a break in the price ceiling. It was also pointed out that with the exception of two special wage settlements in British Columbia, the generality of wage increases granted by War Labour Boards within the past few months had not exceeded 10 cents per hour, and the officers of the union were urged to give a no-strike pledge and to accept a 10 cents per hour wage increase effective immediately, all other matters in dispute, including the final determination of the wage issue, to be conciliated by the commissioner, Mr. Justice Roach. The union officials were also advised that consideration would be given to the question of the 5 cents differential affecting the employees of the steel plant at Sydney.

The officers of the union present at the conference said that they could not give a no-strike pledge but that they would convey our recommendation to the National Committee as quickly as possible. Since it was evident that no

commitment as to the postponement of the strike could be given by the union officers present, and this being confirmed by the union officials themselves, the question of appointing a controller of the operations of the three companies was then discussed with the union officials. It was pointed out that in other major industrial disputes which confronted the department including Montreal Tramways, meat packing establishments, American Can Company, sawmill and box manufacturing in British Columbia and Great Lakes shipping the appointment of controllers and the prohibition of strike action had been found successful in operation and eventually resolved the industrial dispute in each instance, also that this form of government action had been urged and endorsed by many members of parliament and by the unions themselves. The union officials, however, were unable to make any commitment on behalf of their union with respect to the intimation by the department that an order in council appointing a controller and prohibiting strike action had been recommended.

May I interject at this point? I think I should say in fairness to all concerned that I believe and Mr. Millard believes that when the two officials who were with us on July 10 left us they were convinced that the action the government proposed to take was a good action.

By Mr. Croll:

Q. Who were the officials?—A. John Mitchell, vice-president, and Murray Cotterill, district director.

On July 10, the president of Stelco wired the minister outlining the company's offer to its employees and urging that a secret ballot of all employees affected be arranged to ascertain whether they would accept the offer.

On July 10, Mr. Millard wired the minister that the Stelco proposal of a plant vote constituted additional evidence that Stelco management was determined to circumvent collective bargaining with the certified bargaining agency. He said that if the company could not be persuaded to desist from its anti-labour manoeuvres, a strike could not be averted.

On July 10, the government adopted order in council P.C. 2901 appointing Mr. F. B. Kilbourn as controller of the three companies.

On July 11, notice was sent by telegram to the union, local unions, the three companies, and the ministers of Labour for Ontario and Nova Scotia regarding the appointment of the controller and deputy controllers and the other main provisions of P.C. 2901. Confirming letters and copies of the order in council were also sent by mail.

On July 11, Mr. Millard wired deputy minister asking that the government convey to him in writing and by telegram any further suggestions or proposals if it had any, in order that they might be submitted in proper form to union committees.

On July 11, the deputy minister notified the union and local unions pursuant to a telephone conversation and wire from Mr. Millard that the Minister of Labour had already arranged with the controller that an application be made to the appropriate regional boards for an increase of 10 cents per hour effective immediately in the three plants. This would leave for discussion with the commissioner the question of retroactivity of wage increases. If the commissioner so recommends, the controller would make further application. The commissioner would also have to make recommendation on matters of union security, hours of work and other issues in dispute. The question of the differential at Sydney was in the hands of the national board, which was giving it sympathetic consideration.

On July 12, 13, 14, broadcasts were made by the department over radio stations at Hamilton, Sudbury and Sydney, and also after the Ontario news broadcasts from Toronto, concerning the provisions of P.C. 2901. (Copy of the telegram of Mr. Phelan in that connection is attached.)

I might read that telegram at this stage.

CANADIAN NATIONAL TELEGRAPHS

OTTAWA, July 12, 1946.

Dominion Labour Department wishes following message to be broadcast at suitable hours your station once today Friday twice on Saturday thirteenth twice on Sunday fourteenth stop Arranging permission for Sunday broadcast with CBC stop You will be advised stop Please bill us direct stop Message reads to end of this telegram. Starts

For the information of all, a summary of the arrangements providing for an immediate increase in wage rates in the steel industry and removal of any reason for stoppage of work is announced by the Dominion Department of Labour.

First, a controller and three deputy controllers have been appointed to take charge on behalf of the government of the affairs of the companies in order to clear the way for an immediate increase and to prevent stoppage of work.

Second, the Honourable Mr. Justice W. D. Roach will continue as a Commissioner to negotiate on all matters in dispute to provide means for the adjustment of differences so that all requests of the union can be given consideration under the chairmanship of an impartial judge.

Third, arrangements have already been made by the controller to take the first step in effecting an immediate increase of ten cents per hour and to request the commissioner to advise him on the question of making this immediate increase retroactive for any previous period.

Fourth, order No. 2901 of the Dominion government, reported to the House of Commons, reads in part as follows:—

Section 7. The authority of the controller shall commence at eight o'clock a.m. the 11th day of July, 1946, and shall continue until the same is revoked by order in council which shall be published in the *Canada Gazette*.

Section 8. The authority of the boards of directors of each of the said companies in respect of the management, operation and carrying on of the aforesaid establishments of the companies is, subject to Section 10 of this order and insofar as the same is abrogated by or pursuant to sections two and three of this order, suspended from eight o'clock a.m. the 11th day of July, 1946, until the powers, authority and rights of the controller in respect of such management, control and operations shall be revoked.

Section 9. It shall be the duty of every person in the employ of any of the said companies at or in any of the aforesaid establishments of the companies to perform the duties of his employment until the authority of the controller is revoked and penalties are provided for violations.

The Department of Labour points out that the action taken clears the way to speed up and put into effect a substantial rate increase immediately leaving the way open for further adjustments and settlement of all matters in dispute between the companies and the employees in a fair and impartial manner. Confidence is expressed that the good sense of the employees, the union advisers and the company officials will prevail and that a work stoppage will be avoided.

The following paragraph was added to the wire re the Sydney plant

In respect to the Sydney plant there is also under consideration the question of a .05 cent differential in the basic wage rate as compared with

the basic wage rate in the steel plants at Hamilton and Sault Ste. Marie. This matter is being given consideration by the National War Labour Board at the present time.

V. C. PHELAN,
Director of Information

On June 12, Mr. Millard wired Mr. MacNamara that a telegram had been sent to Dosco, Algoma and Stelco that the union's National Advisory Committee had heard a full report upon negotiations and concluded that no adequate offer had been received from the employers, and that Mr. Millard was proceeding in accordance with previous decisions of the membership of the union and giving the companies notice that all production work would cease in the three steel plants at or before 7 a.m., Monday, July 15. The union was prepared to cooperate in maintaining plant and equipment provided that no attempt was made to continue production. The National Advisory Committee was continuing in session at Hamilton and was prepared at any time to resume negotiations with the three companies.

On July 13, Mr. H. G. Hilton wired the controller that over 2,000 workers, exclusive of salaried personnel, were prepared to stay in the Stelco plant for the duration of any strike.

On July 15, strike action was reported to be fully effective at Sydney and Algoma, with conflicting reports regarding the situation at Stelco.

On July 18 the interim report was received from the commissioner, Mr. Justice Roach.

That report of Mr. Justice Roach has been made to this committee by himself. I think, Mr. Chairman, that that concludes our statement, but I am ready to answer any questions if there are any.

By Mr. Smith:

Q. On page 3 you said that Mr. Millard and Mr. Cotterill gave you to understand that a hope of settlement lay in this offer of 10 cents. That was the day of the interview with Mr. Millard. Will you explain that a little bit and tell us what took place?—A. It was in a general conversation. Naturally, in a conversation of that kind there was reference to how much of an increase would be required, and we had a good deal of talk back and forth, and the net result of it was that Mr. Millard did at that time think there was a possibility of making a deal of 10 cents.

Q. There is no misunderstanding about that; that was the understanding he left with you?—A. Yes.

Q. Did he seem to be satisfied with that increase at that time?—A. Yes, I might say in explanation that in a later conversation I referred to that conversation, and he said, "Well, in view of the decision in British Columbia, you could not expect me to satisfy my people with a 10-cent increase at this time."

Q. In short, we have now arrived at the trouble in the whole situation. It is that 15-cent increase in British Columbia?—A. I will admit that there is something in what you suggest, Mr. Smith. We would have been very much happier about it if the decision in British Columbia had been 10 cents rather than 15 cents. I think, in fairness to Commissioner Sloan, that I might go into an explanation of that picture. The question as to why he gave the 15 cents might be summed up in this way. The employer had already offered, prior to the strike, 12½ cents and the men went on strike because they would not accept that. The pulp and paper employees of the Powell River Company were, at the same time, negotiating a wage settlement and finally settled on a basis of 15 cents. There are, in this particular industry, some elements which were explained to you by Mr. Gordon in the question of the large percentage of their products that is exported. We should also mention that in addition to

the dispute that Commissioner Sloan disposed of, there was the interior situation where the box manufacturing employees and those who were doing lumbering along with them in that connection were also on strike. Commissioner Sloan did not extend to that industry the wage increase but it had a bearing on it because there was continuous pressure because of the prospect of the loss of the fruit crop. It seemed absolutely vital to get those people back to work. Commissioner Sloan made the proposal and the regional board had some hesitation about passing it, and finally did. I must say that we made no attempt to interfere with the regional board in the matter. We did not, for example, say to them that they must not grant this increase of 15 cents, nor is it our practice at any time to do that. These boards are not put in a straight-jacket. They are there and have to make their own decisions. I must admit that we would have felt much happier if that had been disposed of at something less than 15 cents. However, it has this feature, that in later settling the wage rates for the interior lumbering industry an increase of 10 to 12 cents in some cases was arranged, so that you have one section at 15 cents and the other section at a range of from 10 to 12 cents.

Q. The lumbering industry on the Pacific coast is in this position that a greater part of its product is exported?—A. That is true.

Q. And the people who saw or produce the lumber are able in an export market to get back the advance without any trouble; that is the situation?—A. That is my understanding of the situation.

Q. Further, the logging industry periods have a maximum of ten months out of twelve.

Mr. GIBSON: Nine months is closer.

The WITNESS: It is intermittent; they close down for wet weather and they close down for hot weather.

Mr. GIBSON: Snow and fire.

By Mr. Smith:

That does not apply to the mills.—A. Yes, that was the justification for the lesser increase.

Q. Was there any ceiling increase on logs?—A. I would not know about that; I do not know.

Mr. GIBSON: The price of logs advanced.

By Mr. Smith:

Q. Was there any ceiling increases on lumber of any kind?—A. I happen to know about that. Our controller is still in charge of the box-making plants and the operators have made representations to him that in view of this increase they must consider their position and consider whether they should stop making shocks for box manufacturers. I happen to know that they are making representations to the Wartime Prices and Trade Board on that point.

Q. Having said these things, and in the interest of labour generally, it is somewhat difficult to account for the 15 cents increase there and the fact of refusing it in other places. That is one of our problems, is it not?—A. I am not sure that I agree, and I will explain it this way. It seems to me that in dealing with any group of workers you should consider local conditions; conditions existing in that particular industry. These chaps are working away from home; they have two homes to maintain.

By Mr. Sinclair:

Q. You mean sawmill workers?—A. Yes, many of them. They have their board in camp and in addition they have to buy their bedding for the camp, and they have to supply themselves with about \$100 worth of special equipment

every year. There is the matter that you yourself mentioned in the intermittent nature of the work. These are the reasons that Commissioner Sloan gave to me as justifying an increase of fifteen cents in one case and a ten to twelve cent increase in others.

Q. What I had in mind was this: you say the fifteen-cent increase over there and the smaller one here were made by reason of knowing the circumstances prevailing?—A. Yes.

By Mr. MacInnis:

Q. In referring to the British Columbia case you said it was not the practice of your department to interfere in a matter of wage increases by a commissioner. Does that mean that sometimes you do?—A. Yes, I will say that I sometimes do. Sometimes my advice is asked for by the chairman of the National War Labour Board, and I give it. I would say this, though, in most cases I find myself in the position of going to the national board or the regional board to plead the case of applicants, which I feel is not the proper thing for me to do as a member of the Wartime Prices and Trade Board, but that is the situation I have many times found myself in. The national board had before it a large number of cases for railway employees and the question was discussed back and forth as to what to do with them and we finally reached a course which was acceptable to all concerned. In that way I do have discussions with the national board chairman.

Q. In replying to a question by Mr. Smith in regard to the wage increase in the British Columbia lumbering industry and the increase of fifteen cents, the reason for which it was given was that a large part of the product was exported?—A. That is correct.

Q. Is it not a fact that coincidental with the granting of the increase the amount of lumber that could be exported was reduced?—A. I believe that was so.

Q. Then that could not be a very large factor in granting the increase?—A. I believe they still export about fifty per cent of their product, and as you probably know they can charge almost what they like for it.

MR. SINCLAIR: Not on the thirty-five per cent that goes to Britain; only on the five per cent that goes to the United States can they bleed our American customers.

By Mr. MacInnis:

Q. Do you know what the annual wage of lumber workers in British Columbia is?—A. I have no figure on it.

Q. Do you know how it compares with the annual wage in the steel industry?

MR. SMITH: We have the base rates somewhere in the proceedings.

MR. SINCLAIR: The index was 164 for 1945.

By Mr. MacInnis:

Q. I want the annual wage in dollars. What is the annual wage over the period that a lumber worker usually makes, and what is the annual wage that a steelworker usually makes?—A. I would rather produce that figure at some other time, Mr. MacInnis.

MR. SMITH: When you talk about annual wages, are you going to differentiate between the sawyer or a cutter? You had better put the figures in for each part of the operation.

MR. MACINNIS: There are different categories in the steel industry as well as there are in the lumbering industry. They will give us the categories in both industries.

HON. MR. MITCHELL: There has always been a differentiation between what we call sheltered trades and the seasonal trades. The reason that we have the higher wages in the building trades industry is that it is a seasonal occupation and it is affected by the weather.

Mr. SMITH: They have always been higher in British Columbia.

Q. Mr. MacNamara, you arrived at the point that undoubtedly part of the present trouble with the steelworkers is the fact that they look at British Columbia where the loggers got a 15 cents an hour increase, and the steelworkers expect to get the same. You say that the loggers are a special case, but I submit that this is not so, for other unions in British Columbia have got this award. You mentioned Powell River, but it was not just this paper mill, but all the pulp and paper mills in British Columbia, Powell River, Port Mellon, Port Alice, Woodfibre and Ocean Falls, made a settlement with both their unions, the paper makers and the pulp workers, before the loggers strike was started, and these workers are not special cases since they work twelve months of the year and married men have their homes at the mills. I see also in the *Vancouver Sun* today that the Western Bridge strike has been settled and the settlement is for a 15-cent an hour increase and a 40-hour week. I see also that the strike in the Heaps Engineering Company in Vancouver has been settled for 15 cents; also a foundry strike in Vancouver. My point is that if we are laying down a pattern in British Columbia it should be a pattern in Canada. We in British Columbia who look ahead certainly think that that should be the case because if we are going to set up one pattern in the east and a higher pattern in British Columbia alone then we in British Columbia are going to be legislated out of business. So far as this argument that we are going to get it back out of export trade is concerned, do you think we are going to have any export markets later on if we bleed them now?—A. I point this out to you; that even with the increase now granted you will have in the industry a much better price structure than in the case in Washington where unskilled labour gets \$1.10 an hour.

Q. In Washington they do not have to sell their lumber domestically at a price less than the production costs. Getting back to my point, did the Labour Department and the regional board and the National Board pass on these conciliations in the case of the paper-makers in British Columbia, and the case of the Western Bridge Company, and the case of the Heaps Engineering Works, granting all those concerns an increase of 15 cents an hour?—A. I would like to make this plain that the regional War Labour Board is autonomous in British Columbia. It is composed of three labour men and three company men and a chairman. The board makes these decisions. We are not setting a pattern for 15 cents in British Columbia any more than we are setting a pattern for the boards here. The boards make the decisions.

Q. Let me put this question to you then. In view of this settlement, starting with the pulp and paper workers settlement, and next the loggers settlement, and next these other three B.C. settlements, is it a fair statement for me to say that in British Columbia the pattern seems to be a 15-cent increase across the board?—A. No, it is not. You are talking about the foundry workers, a strike that has been settled for a ten cent increase.

Q. When was it settled?—A. Just today.

Q. I am very glad to know that.—A. I am glad to know it too.

Q. I should just like to ask you this—in view of the announcement by the head of the department, the minister, that they were hoping for a national ten cent settlement across the board; or is that a fair statement?

Hon. Mr. MITCHELL: I can answer that.

Mr. SINCLAIR: I think in British Columbia we were entitled to a little better explanation as to why these 15 cent increases are so easily granted in British Columbia yet greeted with such difficulty for labour down here.

Hon. Mr. MITCHELL: I think I should answer that, and in doing so may I say this, that the only ambition I have is to protect the living standard of the working people. If you want to blow off the lid, go ahead and do so, but

let us get into this thing with our eyes open—and if you want to blow the lid off that is your responsibility; but, let us get into it with our eyes open. As Mr. Gordon has stated, and as we all know, we are approaching a wage inflationary period in Canada, and we have seen the result of such movements in other countries and its effect on the working classes. I made that observation about the ten cents because, you take the pulp and paper industry in British Columbia—I tell you that the bulk of the membership of the paper workers, and the pulp and sulphite workers, is in eastern Canada, and recently they went before their respective war labour boards and complied with the law.

Mr. SINCLAIR: So did the British Columbia pulp and paper unions.

Hon. Mr. MITCHELL: I am talking about the people down here. I am not saying whether your people out there did or not.

Mr. SINCLAIR: But they did.

Mr. GILLIS: That is something he wants to be precise on.

Hon. Mr. MITCHELL: You have made loose statements since we started, and I want to be specific.

Mr. GILLIS: You are not talking to me now, you are talking to this committee, and I suggest that no speeches are in order.

Hon. Mr. MITCHELL: I was going to say, taking the long view it will be found in the light of experience that the statement made by the deputy minister, also the statement made by the chairman of the Wartime Prices and Trade Board, are a distinct contribution to the stability of prices. My honourable friend here (Mr. Sinclair) talks about the export market. You can't plan any advance price structure there. And I say that because you get the building trades, one of the oldest established organization in the Dominion of Canada; why, they settled for 8 cents and 10 cents an hour in Ontario, and I understand for 8 cents in Saskatchewan and some others of the prairie provinces. And you go right down the line and you get all these old established organizations settling. They have complied with the law, you understand. That is my definite statement. And that is the only reason, as I explained to my honourable friend in the House of Commons, where there was a limit of ten cents put on, as Mr. MacNamara said quite distinctly. I was the first chairman of the National War Labour Board. I took some part in the drafting of the order in council, and we did it with the intent that it should be independent, independent to the extent that the Minister of Labour and his officials could not interfere; but like my honourable friends here suggest, when you have a general problem you naturally exchange opinions with other people in the light of the problem with which you are confronted. And the whole question of the ten cents arose out of these two established and might I say responsible organizations who complied with the law and went before their respective boards and settled on the basis of ten cents—you put your nickel in the slot and you don't know what is going to come out. You go to the regional board in Ontario and you make your case.

Mr. JOHNSTON: That is it, you don't know what is coming out.

Hon. Mr. MITCHELL: Of course, you go to your regional board and you make out your case, as the great majority of people have done, having in mind production, living standards, working conditions, and so on. And I cannot say what the Ontario board would do, what the Quebec board would do, or what the Nova Scotia board would do, what any board, or the national board would do, because that is not the function of the Department of Labour. Like the Wartime Prices and Trade Board where it is a question of price they are a separate entity applying orders in council which are government policy. But we are proceeding in an evolutionary way. We all agree that some day we will have to come out of these controls and, as I say, we have been moving in an evolutionary way, I think far more successfully than our friends to the south of us, who got away from con-

trols. So we can get back to the basis Mr. Millard advocates, the basis of collective bargaining, the economics of industry, and the importance of the stabilization factor to success, and the importance of the wage factor.

Mr. SINCLAIR: The minister spoke with some warmth.

Hon. Mr. MITCHELL: Not warmth, common sense.

Mr. SINCLAIR: If you say that a 15-cent increase will blow the lid off in Canada, why do you want to start blowing the lid off in British Columbia in that way?

Hon. Mr. MITCHELL: You are the masters of your own destiny.

Mr. SINCLAIR: We certainly are not masters of our own destiny under confederation. I again emphasize the point that these three unions are among the most responsible unions of British Columbia and they are unions which made use of the departmental machinery.

Hon. Mr. MITCHELL: I am not saying that they are not responsible.

Mr. SINCLAIR: You spoke of these unions in the east having used your machinery and having settled for ten cents, and at least by inference you implied that the British Columbia unions had not done that.

Hon. Mr. MITCHELL: No, I did not.

Mr. SINCLAIR: But that they got it without using the machinery provided for the purpose.

Hon. Mr. MITCHELL: Don't put words of that kind in my mouth.

Mr. SINCLAIR: That is certainly the impression that I got. These three unions, and the I.W.A. also, all got 15 cents through the machinery of the government.

Hon. Mr. MITCHELL: Of the government, yes.

Mr. SINCLAIR: And if you say the 15 cents is going to blow the top off in Canada, will not the 15-cent pattern blow the top off British Columbia first? If it is going to blow the lid off in other parts of Canada it certainly will do the same thing with us and conversely if it does not in British Columbia, it will not in the rest of Canada.

Hon. Mr. MITCHELL: Let me say this. I am a great believer in democracy, you suffer for your sins—we simply have to face up to this fact, that we built up a tremendous industrial organization in this country during the war. Whether we like it or not, three out of every eight people of this country depend upon the export market for employment. And I say this, that if we look forward with some common sense in maintaining the real purchasing power of the dollar, then we need have no fear of the future, not the distant future, in so far as export trade is concerned and in so far as the economy of the country is concerned. Now, I have seen inflation operate in a good many countries, and so has my honourable friend.

Mr. GILLIS: On this question of differentials—

Mr. MAYBANK: Mr. Chairman, may I say this.

Mr. HOMUTH: Mr. Chairman,—

The CHAIRMAN: Order, gentlemen. Mr. Gillis has the floor.

Mr. GILLIS: On this question of differentials—

The WITNESS: Mr. Gillis, do you mind if I say a word? Mr. Sinclair, you were speaking of this wage increase in British Columbia during the recent "lull" if I may call it that. I asked Mr. Murchison, Chairman of the National War Labour Board, and, to the best of our knowledge there are only two industries where a 15 cent increase has been granted, has been passed. You read in the paper and you think they are approved. That is probably on what you based your remarks. Now, I will go on with you to this degree, that we were worried

about the situation in B.C. The danger of establishing a pattern of 15 cents will be evident, and the question is one of considerable importance as to what we will do about it. And now, I am here to say that the Department of Labour has left these boards alone. They made their own decisions. It is a moot point as to whether that can continue if we find these differences in decisions. And that is one thing on which I would like to have some advice from this committee. It quite well might be that this committee might advise us to take a ten cent limit ultimately, or some other limit, and stick to it. And now, that I throw out as a suggestion coming from myself, one that just occurred to me at the moment; but I do go along with you on this, that we are worried about these adjustments in B.C.

By Mr. Gillis:

Q. On this question of differential on page 13 of your memorandum you make the statement that the British Columbia award of 15 cents was a special award, or a special case. Now, why do you refer to the B.C. lumber industry as being a special case?—A. Well, it is special in this way, that we appointed a commissioner to settle the dispute, the strike; and he, in his judgment recommended a 15 cent adjustment. It is special to that extent and to that extent only.

Q. You do not think then that there are factors in the lumber industry which do not exist in steel? You did not mean it was special in that sense?—A. In the discussions here you know the answer Mr. Gordon gave you?

Q. Yes—A. I think the main one is that the export in one is much greater than it is in the other.

Q. That is what I am trying to get at because right after the award was made of 15 cents in the lumber industry the export quota was reduced from 65 per cent to 50 per cent, and that would increase the shortage even in the lumber industry because you were getting 15 per cent more lumber in the country.—A. Likely.

Q. Have you any idea what percentage of their production is export?—A. I cannot give you that figure, I would say very small.

Q. Very small. You would not say that you would consider that a formula of the government of differentials that should be maintained from province to province?—A. Well, if I could find a formula which would make a standard wage right across Canada I would produce it, because I believe that is one thing that would produce unity in Canada possibly better than anything else.

Mr. SINCLAIR: Hear, hear.

By Mr. Gillis:

Q. The reason I ask you that, I have before me a copy of the *Halifax Chronicle* dated July 27—that is the gateway to Canada. This press report states: Important decision in Amherst case; National War Labour Board rules company cannot pay higher Ontario rates in Nova Scotia. This is the case of an Ontario contractor who took a job in Nova Scotia and took certain Ontario employees with him to assist with the job he was doing in Nova Scotia. In Ontario they were paid certain rates of wages and when he went to Nova Scotia he found that the regional rates there were low and he applied to the national board for authority to pay those employees the same rate of wages he was paying them when they were in Ontario. He asked that he be permitted to maintain the Ontario rate. That would give the impression, reading it in the press—the statement would indicate that it was the policy of the National War Labour Board to maintain the differential which exists between Ontario and Nova Scotia. If it is not the policy of the government to maintain such a differential, then the National War Labour Board should not be permitted to legislate in that way.

Hon. Mr. MITCHELL: That was a decision of the regional board?

Mr. GILLIS: No, it states here, National War Labour Board.

Hon. Mr. MITCHELL: They are both the same, you see.

The WITNESS: I cannot answer as to the details of that decision, Mr. Gillis. I would think the minister is right, that it is a regional board decision.

Mr. GILLIS: The press statement is wrong then?

The WITNESS: It could be.

Mr. GILLIS: This is dated at Ottawa and it has this to say. I did not read it before, I just paraphrased it. It says: The Ontario-Nova Scotia wage differential must be maintained; an Ontario company operating in Nova Scotia with help from Ontario may not pay that help a higher rate, it must pay them the lower Nova Scotia rate in their respective categories while working in Nova Scotia. They go on further to state: stripped of legal verbiage that is the gist of an important decision involving labour at the new Amherst Processing plant handed down here by the National War Labour Board July 22, on an appeal by a construction company from Ontario. It was an appeal from the regional board.

Hon. Mr. MITCHELL: What is the date line of that story?

Mr. GILLIS: July 22.

Hon. Mr. MITCHELL: From where?

Mr. GILLIS: Ottawa. That is a decision of the national board. The reason I want to bring that out is because of that differential which exists at Sydney of 5 cents as compared with the Ontario rate; and while Mr. MacNamara stated that the labour department did not make decisions in the matter of wages, decisions were made by the boards, he would agree with me that the boards are making their decisions based on the wage policy of the government and within that formula they had certain restrictions.

The WITNESS: You mean that general wage-price structure?

Mr. GILLIS: Yes.

The WITNESS: Yes, they certainly are; at least, I hope they are.

Mr. GILLIS: Well then, the labour department are maintaining as a whole a considerable influence on what the boards may do in any given wage dispute?

Hon. Mr. MITCHELL: No, no.

The WITNESS: I am trying to be quite frank, and I am trying to be quite emphatic when I say, to my certain knowledge there has been no interference with a decision made by any regional board or by any national board since I have been in the department.

Mr. GILLIS: As long as you have been in the department.

By Mr. MacInnis:

Q. May I ask a question on this? How do you explain this statement, this is a statement in your brief; on page 9, it is about one-third of the way down the page. After referring to an interview or a conference between yourself and certain of the steel representatives you said this:—

The deputy minister gave a firm commitment that he would request the wage boards to issue the directive and also that, if an appeal was taken to the National Board, he was quite convinced the latter would not upset the decision.

How do you account for that very definite statement?—A. Well, I might appear to have been taking on myself more authority than I had, but I present this set of facts to you: that in June of 1946 the wage order was amended and the amendments to the wage board power of directing wage increases, a much greater

power than had been given to us heretofore. I recall to your mind that the Steel Company had offered ten cents; I will recall to your mind that Algoma said they would pay 8 cents; and I will recall to your mind that the third company was somewhat out of consideration because they were being subsidized by the dominion government. In my anxiety to settle, to prevent a strike, I committed myself to make a recommendation to these regional boards that they grant ten cents. I think that if I had secured a non-strike pledge that—I know—I would have gone through with my part of the bargain; and I am quite sure that the regional boards would in all probability have granted the ten cents. And now, before I made that proposal I had consulted the chairman of the National Board as to whether or not he thought it would meet with the approval of the chairman of the Ontario regional board. And now, whether or not I was justified I leave it to you to judge. If you want to criticize, I am here to be criticized. I will say this, before you start, that I would do it again.

Q. That is just the point I was going to raise. I am not criticizing the deputy minister at all. In his position he takes what action he deems reasonable to get a difficult situation settled. But he said he would do it again, and I am suggesting to him that perhaps this is not the first time.—A. Yes, it is.

Q. That this is not the first time.—A. It is the first time, for this reason; that until this amendment was made the boards had no power to act any way.

By Mr. Gillis:

Q. To follow up what I was on: I am informed that Mr. Pettigrove, shortly after accepting his responsibility at the plant, made an offer to the employees of Dosco of a ten cent wage increase and price differential, if they would go back to work. Did he make that offer with any authority?—A. I am not saying that he did. I am not sure that he did. In fact, I think you have the wrong person in mind. Wasn't it Mr. Currie, the Minister of Labour in Nova Scotia, who made that offer?

Q. He announced it, I believe.—A. We heard it was him. We wondered where he got his authority.

Q. I am informed it was Pettigrove.—A. I think you are wrong about that.

Q. Who could inform me about that? I have just to say about Mr. MacNamara's brief setting out what happened. I think both the unions and the Department of Labour were patient and long suffering. I think they took every reasonable step that could be taken. And I think if you look at page 14, July 10, where it says:—

The president of Stelco wired the minister outlining the company's offer to its employees and urging that a secret ballot of all employees affected be arranged to ascertain whether they would accept the offer.

and Mr. Millard's wire of July 10 also, that the Stelco proposal of a plant vote constituted additional evidence that Stelco management was determined to circumvent collective bargaining—

Mr. HOMUTH: They were not offered a vote on it.

Mr. GILLIS: Just a second now. He said there was no necessity of taking a vote because the steelworkers local at that plant were the recognized bargaining agents. The Steel Company if they were expected to retain and use the machinery of the Department of Labour with respect to collective bargaining would have been doing business with their employees through the designated agency; so in fact when Mr. Hilton proposed that plant vote he was violating the order in council that set up that collective bargaining machinery, he was by-passing that. In my opinion that was the attitude on the part of Stelco. And Dosco's complete failure to make any proposal whatsoever complicated the situation to a point where we have the strike at the present time. Now, I am not complaining of the department or the machinery they have to use, or

what was done by the unions, but I think the unreasonable attitude of the employers collectively in connection with the dispute is largely responsible for the position we find ourselves in today.

Mr. SMITH: Mr. Chairman, I want to read five lines from a statement which appears in this publication which I have in my hand, and to ask the witness if he agrees with the statement. Before doing so, I want to compliment Mr. MacNamara for the very critical situation in which he found himself and the action he was prepared to take; and to hear him say that he would be prepared to do so again, is I think deserving of compliment. I am reading from the *United States News*, issue of July 26, 1946. The heading of this article is, "U.S. facing currency war—revaluation as a trade weapon". It says, "Canada now can sell lumber to this country at almost any price, but, when the present abnormal demand subsidizes timber may cost too much to U.S. buyers because Canadian dollars cost too much." Do you agree with that statement?

The WITNESS: Well, I would think that on the long time viewpoint that might be correct; but for a short time, five years say, I would say it might be very realistic.

Mr. GIBSON: They had to put a \$4 tariff on there to compete with us.

Mr. CROLL: Mr. MacNamara, can you give us the date of Judge Sloane's decision, or the date of the contract, offhand.

The WITNESS: Not without looking it up.

Mr. CROLL: Well, the month.

Mr. GIBSON: June 27. The decision was on the 15th and it was accepted about the 27th.

By Mr. Croll:

Q. From what you have said already is this your position, Mr. MacNamara: That decisions of the regional war labour board, say in British Columbia or in Saskatchewan or in Ontario, may be such that they could upset the appletart so far as price control is concerned?—A. I would think, yes; although I would think there is not a great deal of danger except at this one spot, because these men have been dealing with wage control for three years, and they are quite sensible men who recognize the objects of the wage control order, and the necessity for some degree of uniformity of decision which I do not think they would break.

Q. What I am trying to get at now—I am trying to appreciate administrative difficulties of your regional labour board people—I think the Regional War Labour Board in British Columbia did for all purposes upset the appletart a bit. You agree?—A. The commissioner in recommending?

Q. Yes, the commissioner in recommending.—A. Yes.

Q. That same thing could happen in Ontario?—A. Quite.

Q. And it could happen in any other province?—A. That is true.

Q. Now, how do these members of the Regional War Labour Board in the various provinces know what Mr. Gordon has told this committee about the danger to price control. Do they know of that?—A. Yes. They have had conferences here in Ottawa on several occasions and Mr. Gordon has given his theories and has spoken to them about it.

Q. Are the commissioners of the court informed?—A. In a general way, yes.

Q. What you saw happen in this case; and, again for administrative purposes, if the Steel Company for instance and the unions did not agree and a commissioner had recommended 15 cents?—A. Well, we would not have slept that night.

Q. No; but would we have slept any night after that?—A. We would have been very worried.

Q. Yes. It could have happened?—A. Yes.

Q. Let me go one step further, suppose that— —A. Of course, we have a measure of protection.

Q. What is your measure of protection?—A. The commissioner recommended 15 cents. It has to go to the regional board for approval.

Q. Suppose they recommend it?—A. That would be the danger.

Q. I will carry you one step further. Suppose that the steel companies and the union had agreed to an arbitration as they did in the Ford case?—A. They would still have to get the approval of the regional board.

Q. And they received it?—A. Yes.

Q. How do you protect us?—A. The review section of the National War Labour Board is a measure of protection. Any decision, upon review, can be rejected by the National Board.

Q. How many decisions dealing with wages do you reject in a week or a month, or ever?—A. I could not tell you. You have Mr. Murchison here for that.

Q. I mean on wages; as a result of them being too high an increase?—A. Yes, we have at times rejected them.

By Mr. Merritt:

Q. I would like to ask a question turning on the Wartime Wage Control Order which is the one that gives the board their power. In that order, as originally enacted, the regional board had the power, I believe, only to correct gross injustices in wage relations in so far as this position was consistent with the paramount principle of maintenance of prices. Is not that roughly what the original order says?—A. You are looking at the same document I have. Look up order in council P.C. 2432.

Q. I am perfectly familiar with the original enactment and the amendment, and I think I am right in saying that section 14 (c) only empowered the board to make alterations to wage scales to rectify gross injustices?—A. Yes, that is correct.

Q. Then in January of this year that power was amended to enable them to make adjustments to bring about a uniformity of rates within an area and then in an industry?—A. On a comparable basis.

Q. All the time these two restrictions which we are referring to, the first and second amendments, made it unnecessary, in my view, for the regional board to consider the final words in this paragraph which read:

In so far as this is possible and consistent with the paramount principles of the maintenance of stability in prices.

Is that not correct?—A. The regional board and the National Board should, after they find that a wage increase would create a price increase or a requirement for a price increase, not grant it. They were not permitted to grant it under the order.

Q. Do they have any advice in this case?—A. The employer is a party to the application, or he is an objector. If he says that then he is required to prove it. If he proves that he has to have a price increase, until the last amendment of the order the increase was out. Mr. Murchison suggests that we look at subsection (2) of section 20, on page 11, which reads:

In considering any application to authorize or direct an increase in wage rates under this section, the National Board shall take into account the probable effect of such increase in wage rates on the cost of living and on the cost of production or operation of the business or industry in which the increased rates are to be paid, and shall require any employer who alleges that the proposed increase in wage rates will be beyond his ability to pay without increasing the price of his products or

services rendered by him, to present evidence in writing demonstrating the basis of such statements and setting out the amount of the increase in the price of his products or services for authorization of which it will be necessary for him to apply if the proposed increase in wage rates is made. No decision of the National Board under this section shall be construed as imposing an obligation on or implying a commitment on the part of any other agency of government.

Q. I agree with that. I suggest that the practical effect of the closer restriction which existed up until June of this year made it, in most cases, unnecessary for the regional board to inquire closely into the problem of price control which is involved in wage increases.—A. It would not be as nearly as vital as it is now.

Q. Now we have it only that the restriction is that the increases granted by the board shall be just and reasonable in so far as it is consistent with the paramount principles of the maintenance of stability in prices?—A. That is correct.

Q. Is it not leading us to believe, as a practical measure, whatever may have been the case before last June, that the regional board and the National Board will require in the future directives from the Wartime Prices and Trade Board with regard to the maintenance of price ceiling? Do we not see in this case a perfect case where you have a wage problem in a basic industry which, as has been said, may have ramifications throughout our country? Do we not see in this case the necessity now for some change in procedure, either to allow the price board to make representations before the regional board, or to have the price board or the government issue directives to the regional boards so that the regional boards shall have more evidence than that which can be given by an employer?—A. It could be argued, and I have heard this opinion expressed here, but I would like to explain this to you; that in the regional set-up and the National Board there was an officer of the Wartime Prices and Trade Board as liaison between the National Board and the Wartime Prices and Trade Board. He was not a member of the board, but he sat at their meetings and was consulted by the board on occasion and by the chairman. That person was Dr. Campbell. That condition existed up to the time when the board was revised and reorganized under Mr. Justice McTague. Mr. Justice McTague did not say that he did not want this continued, but, nevertheless, it did not seem to him to be doing any good or any harm, and the plan eventually was allowed to be discontinued. In other words, that plan of close connection has been tried and it was not found by Mr. Justice McTague of any help to him, and it has been discontinued. You understand that this amended order on which we are working is practically a new order. If we find that close contact with the Wartime Prices and Trade Board is necessary we will certainly develop it and, as a matter of fact, I have already discussed it with Mr. Gordon. He expressed himself here as being of the opinion that it would be better to leave the boards as they are. Certainly we will watch that situation very carefully. I suggest to you, however, that you do not want to put these boards in a strait-jacket. They should know their business. If you have somebody from the Wartime Prices and Trade Board telling them what they must do I would not think that you would have the same measure of success as you have had in the past.

Q. Yes, but Mr. MacNamara that is exactly my point. It has been my opinion throughout this discussion that labour cannot know what part of their application has been opposed by management and what part is being opposed by the government, and it is certainly my view from what I have heard, particularly from Mr. Gordon, that anything over ten cents in this dispute is being opposed by the government, whether they want to oppose it or not.—A. You are not suggesting there is any lack of opposition by the employers?

One of the employers says nothing, says I can't do anything; one says 8 cents, the other says 5½ cents first and then he goes up; certainly there is opposition there.

Q. As to that, I said that in my view one cannot tell.—A. With all due respect I say that that condition did not exist in this case. Labour knew who was opposing. Why, certainly they knew.

Q. Yes. Do you say then that the government did not oppose the increase of ten cents?—A. You heard Mr. Gordon. The government want to maintain price control. Mr. Gordon thinks that ten cents is too much—rather he thinks that ten cents make a very definite danger line. Naturally, the government will consider his view. But the government is not telling the board what to do. The Minister of Labour is not telling them what to do.

Q. Do you say, Mr. MacNamara, that after the pronouncement which has been made by the government that any member of the National War Labour Board or Regional War Labour Boards, would overlook that statement that more than ten cents might break the price ceiling?—A. Yes, certainly. There is nothing to prevent them.

Q. Because my suggestion to you is that it is time we provided some procedure of liaison so that the government's necessary views in maintaining the price ceiling could be made known to the regional war labour boards in a formal way so that they would know what the position of the government was when they came to deal with these problems and their application to disputes between management and labour, so that they could be worked out within that limit.—A. Well, with all due respect I do not think that is worth—I was going to say, a damn.

Q. You can say what you like.—A. I think that sort of liaison will be something that would simply give you another body that would be saying no.

Q. Yes, it might be.—A. What we have tried to do is create some relaxation, to give the boards some elbow room. Don't overlook this fact, that a few months ago we would have looked upon a ten cent increase as being appalling. And now, if you want to put these boards in a position where they are limited, why, this committee can recommend it. I do not think it would be a good thing.

Q. I am not suggesting that we should put the boards in a position where they are any more limited than they are now.—A. Well, don't you see that would be the only result from liaison of that kind, if you have somebody there as a watchdog for the Wartime Prices and Trade Board.

Q. I am suggesting that such a watchdog now exists informally, and that it would be better to put this on a formal basis if it is going to exist at all.—A. I do not agree with you.

Q. You do not?—A. No.

By Mr. Black:

Q. I have one or two questions, but before putting them I would like to join with the other members in commending Mr. MacNamara for the very clear brief he has presented, a diary of the happenings in the negotiations in the matter of the steel strike. I want to get some further information from him, or from Mr. Murchison, with respect to the differential in Nova Scotia. I do not know yet how it originated and why it has been allowed to continue. At one stage Nova Scotia had an advantage over Algoma of I think it was two cents an hour in the basic wage rate.—A. Yes.

Q. And there is a very strong feeling among the workers down there and those outside the industry that it is a very unfair discrimination. As I understand the differential it was an increase allowed by the regional board in Ontario applicable to the Algoma plant, and then an application was placed before the regional board in Nova Scotia and they refused to acquiesce in it. Is that correct?—A. That is correct.

Q. Well now, was that decision approved on appeal to the National War Labour Board?—A. They did make an appeal to the National Board and the National Board rejected it also.

Q. Did they take into consideration that it was a war industry?—A. Excuse me, Mr. Black—

Q. Let me finish my question. Did they take into consideration that it was a war industry compelled to make certain commodities under conditions where costs increased enormously, particularly the cost of raw materials that went into the making of these commodities?—A. Well, let me say this, that the great objection to correcting that differential comes from the company. They say, as Mr. Gordon pointed out—or I think it was Mr. Anson pointed out—that they had to sell their goods in central Canada and they have an adverse freight haul. If you want to have information from Mr. Murchison on that, he is right here; he can tell you more details here than I can. My own opinion is that that is something that certainly should be given very careful consideration.

Q. I want to point out to Mr. MacNamara that this differential did not exist before the war, and we do not see why workmen in Nova Scotia should have to suffer and be discriminated against. That is the situation which is creating very bitter feeling not only on the part of the men, but others outside as well. I think we certainly should have that cleared up. I do not know why it should be permitted to continue.

MR. HOMUTH: Mr. Chairman, before we adjourn, are we going to carry on with Mr. MacNamara in the morning or are we going to take Mr. Millard?

THE CHAIRMAN: If the committee are through with Mr. MacNamara tonight, we can proceed with Mr. Millard tomorrow morning. If the committee desires to go on with Mr. MacNamara we will do so.

By Mr. Archibald:

Q. Just one question before you adjourn. Mr. Chairman. Mr. MacNamara stated in his evidence that the Ontario loggers of British Columbia got a ten to twelve cent an hour, in other words a differential from the 15 cent raise; because Mr. Millard said, there were other adjustments along with that ten or twelve cents that they had actually 17 cents an hour. Is that true or not?—A. Well, I have in my hand the statement from Commissioner Sloane in which he gives the detail of the adjustments. In this he compares the old rates with the new rates. This is the final agreement just signed, and it runs from ten cents to twelve cents.

THE CHAIRMAN: We will adjourn until tomorrow at 11.30.

The committee adjourned at 5.53 o'clock p.m. to meet again tomorrow, Wednesday, July 31, 1946, at 11.30 o'clock a.m.

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Canada, Industrial Relations, Standing

Committee, 1946

(SESSION 1946
HOUSE OF COMMONS)

(STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

MINUTES OF PROCEEDINGS AND EVIDENCE


No. 10

WEDNESDAY, JULY 31, 1946

WITNESS:

Mr. C. H. Millard, Canadian National Director, United Steel Workers
of America.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



ORDER OF REFERENCE

WEDNESDAY, 31st July, 1946.

Ordered,—That the name of Mr. Bourget be substituted for that of Mr. Gingues on the said Committee.

R. T. GRAHAM,
Deputy Clerk of the House.

MINUTES OF PROCEEDINGS

WEDNESDAY, 31st July, 1946.

The Standing Committee on Industrial Relations met at 11.30 o'clock a.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Raymond (*Beauharnois-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Mr. Robinette announced the receipt from Mr. Hilton of and filed as:—

Exhibit No. 26—Annual Reports 1939 to 1945, of The Steel Company of Canada, Limited.

On motion of Mr. MacInnis,—

Resolved,—That the balance sheets (Exhibit No. 26) of The Steel Company of Canada, Limited, and of the other two steel companies be printed as an Appendix to the evidence of the Committee.

Mr. C. H. Millard was recalled. He read parts of a prepared statement which was filed as:—

Exhibit No. 27—Brief submitted by the United Steel Workers of America.

Hon. Mr. Mitchell, Minister of Labour, made a statement respecting cost of living indexes for Canada and for certain other countries.

The Committee adjourned at 1.00 o'clock p.m., until 3.30 o'clock p.m., this day.

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. Lalonde, presided.

Members present: Messrs. Adamson, Archibald, Baker, Beaudoin, Belzile, Black (*Cumberland*), Blackmore, Bourget, Case, Charlton, Cote (*Verdun*), Croll, Dechene, Gauthier (*Nipissing*), Gillis, Gibson (*Comox-Alberni*), Homuth, Howe, Johnston, Lalonde, Lapalme, Maybank, Merritt, MacInnis, McIvor, Mitchell, Moore, Pouliot, Raymond (*Beauharnois-Laprairie*), Ross (*Hamilton East*), Sinclair (*Vancouver North*), Smith (*Calgary West*), Viau.

In attendance: Messrs. Robinette and Lieff, Committee Counsel.

Rt. Hon. Mr. Howe made a statement respecting recent price increases in the United States.

Mr. Millard was recalled and concluded the reading of parts of the brief commenced this morning.

Mr. Millard read extracts from, and filed:—

Exhibit No. 28—Ford Motor Company of Canada, Limited, Report of Annual Meeting, April 29, 1946.

Mr. Millard read, and filed:—

Exhibit No. 29—Statement re proceedings before the Commissioner in a dispute between the United Steelworkers of America and Algoma, Stelco and Dosco.

Exhibit No. 30—Reply to certain points raised by Mr. Donald Gordon.

The Committee adjourned at 5.25 o'clock p.m., until Thursday, August 1, at 11.30 o'clock a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 31, 1946.

The Standing Committee on Industrial Relations met this day at 11.30 a.m. The Chairman, Mr. Maurice Lalonde, presided.

The CHAIRMAN: The committee will come to order.

Mr. CROLL: Mr. Chairman, we had a financial statement filed by Dosco, and also one by Algoma. We have now a financial statement filed by Stelco, and could we have an analysis by Mr. Robinette of that statement similar to what was given by him with regard to Dosco?

The CHAIRMAN: I understand that Mr. Robinette has at hand copies of the Stelco financial report, and I would ask him to give us an analysis of that report.

Mr. SINCLAIR: Mr. Chairman, I would like to raise a question of privilege in so far as the accuracy of information supplied to this committee is concerned. Yesterday, when I was questioning Mr. MacNamara, I was attempting to establish the fact that although the government had hoped for a 10 cent pattern in Canada, they were following a much higher pattern in British Columbia of 15 cents, and I said that in the last four major disputes out there, which had been settled within the last two months, the pulp and paper dispute, the loggers' dispute, the dispute at the Heaps Engineering Works and the dispute with the Western Bridge Company, all in the last two months, the settlement had been 15 cents an hour increase. My objection to that was, as British Columbian, that I thought it was unfair that there should not be one pattern for Canada. The Deputy Minister of Labour destroyed my argument by saying that the foundry strike in British Columbia had been settled for 10 cents an hour increase. I asked him when and he said "Today." That means yesterday. The Canadian press despatches carried in all the eastern papers last night and this morning announced this; that Judge Whiteside, who was appointed as the arbitrator, made not a settlement but an interim offer of 10 cents an hour increase, which was refused and the strike is still in progress. You may remember that Mr. MacNamara stopped me in my tracks. I think that my argument is just as valid today as it was yesterday before that misinformation was given to the committee.

Mr. ROBINETTE: Mr. Chairman, at the committee's request, I asked Mr. Hilton to supply the committee with copies of the balance sheets and operating statement of the Steel Company of Canada for the years 1939 to 1945, and I received them in this morning's mail from Mr. Hilton. I suggest that they be filed as exhibits. I understand that Mr. Croll wants me to outline the results in the same manner as I did for Dosco.

It should be kept in mind that these figures deal with all the plants, three in Hamilton, one in Toronto, one in Gananoque, one in Brantford, two in Montreal and one in Lachine, Quebec.

Comparing the situation in 1939 with the situation in 1945, the net profit of the company for 1939, after payment of interest on their then funded debt and before payment of dividends, was \$4,686,679.74. That is the net profit for 1939.

Mr. MAYBANK: That is a consolidation of companies?

Mr. ROBINETTE: Yes, that covered all the plants. Comparing that with the same figure in 1945, the next profit for 1945 decreased to the figure of \$4,159,259.55. Then, if one looks at the comparison of the earned surplus account, that is to say, the total accumulated profits of the company in 1939, the earned surplus account stood at \$18,651,039.56. In other words, the earned surplus account rose from, roughly in round figures, \$18,000,000 to \$32,000,000 in 1945. If I may just briefly compare the ratio of current assets to current liabilities in the two years, in 1939 the current assets stood at approximately, in round figures, \$24,000,000 and the current liabilities in round figures, stood at approximately \$8,000,000. That is a ratio of current assets to current liabilities at roughly 24 to 8.

Mr. BLACKMORE: Does that include fixed assets?

Mr. ROBINETTE: No, those are purely current assets, cash, bonds, accounts receivable, and so on. The current assets in 1945 were \$34,000,000 as against current liabilities, in round figures, of \$8,000,000. The ratio of current assets to current liabilities in 1945 were roughly 34 to 8.

Answering Mr. Blackmore's question as to what they call fixed assets, which means plant and equipment, in the statement in 1939 the fixed assets were \$49,000,000 in round figures with reserves set up as liabilities against that figure of approximately \$30,000,000.

Mr. BLACKMORE: That would be a depreciation reserve?

Mr. ROBINETTE: That includes itemized depreciation and another item for re-bricking furnaces. The fixed assets in 1939 are at \$49,000,000 and reserves \$30,000,000. Comparing that with 1945, the fixed assets appearing in the balance sheet are \$75,000,000 with a reserve set up of around \$53,000,000, again in round figures.

Mr. BLACKMORE: Have you the statements of the various subsidiary companies?

Mr. ROBINETTE: These balance sheets purport to cover them all. The steel plants are not subsidiaries; they are various plants of the Steel Company of Canada, and these statements include the three works at Hamilton, one at Brantford, one at Toronto, one at Gananoque, two at Montreal and one in Lachine, Quebec. But the statement, in addition to that, shows six coal and ore properties in which the company owns some interest, and the names of six mining companies are listed, five of which are situated in Michigan and one in Pennsylvania. Presumably, they have some shareholding interest in these companies.

Mr. BLACKMORE: They are all included in that report?

Mr. ROBINETTE: Yes.

Mr. MAYBANK: They are reflected in that?

Mr. ROBINETTE: Yes.

Mr. GIBSON: What is the earned surplus account?

Mr. ROBINETTE: In 1945 it stands at \$32,000,000 in round figures as compared in 1939 with \$18,600,000. In other words, the earned surplus account rose from \$18,600,000 to \$32,000,000.

Mr. JOHNSTON: Would you consider that the company is in good condition? —A. Yes, I would say that the management had done a very good job in getting the company in shape to face post-war contingencies.

Mr. SMITH: Is that a private conversation down there?

Mr. ROBINETTE: I said that, in my opinion, the management had done a very good job in getting the company in shape to face post-war contingencies.

Mr. MACINNIS: I think, if that financial statement is not too long, that it could be included in the proceedings in addition to being filed as an exhibit.

Mr. CROLL: Why not put them all in if you are going to put one in?

Mr. MACINNIS: I have no objection to them all going in. I would move that that be done.

Mr. HOMUTH: If you put one in, you have got to put them all in.

Mr. MAYBANK: The figures that you have given are extracted from another document, or are they all in one document?

Mr. ROBINETTE: I have given the figures which I extracted from the 1939 balance sheet and secondly, from the 1945 balance sheet. Statements are here for the intervening years. I have not given you those figures, but they are on record.

Mr. MACINNIS: I would move that the balance sheets for the three companies be put into the record.

Mr. HOMUTH: You are in this position, that Mr. Robinette is giving a comparison as between two balance sheets. In order to carry that comparison through you will have to publish the balance sheet of 1939 and the balance sheet of 1945. I think, in view of what Mr. Robinette has said, which has been taken down by the reporter, that that should be sufficient unless you are going to put all the balance sheets in the record.

Mr. MACINNIS: I think Mr. Robinette gave the financial standing as set out in the 1939 and 1945 balance sheets of the company. That is my impression of what Mr. Robinette has given.

Mr. MAYBANK: That is why I asked the question I did. The 1945 balance sheet does not give the information that Mr. MacInnis is talking about. The 1939 and 1945 balance sheets between them give the information. 1945 is only one-half the story, and there is necessary to have a compliment there to run it out to give him more detail than Mr. Robinette has given us this morning. I wanted to get that point cleared up.

Mr. MACINNIS: But the comparison between 1939 and 1945 would tell the story, and that is what Mr. Robinette has given, and that is what I suggest should be given on the record.

Carried.

Mr. ROBINETTE: Do you want that in the form of an appendix?

By some Hon. MEMBERS: Yes, an appendix.

Mr. ROBINETTE: Just the figures and not the report of the president that is contained therein.

The CHAIRMAN: Is the committee through with Mr. MacNamara? We will call Mr. Millard, then.

Mr. HOMUTH: I wonder if Mr. Robinette was able to get those figures I spoke of?

Mr. ROBINETTE: I spoke to Mr. Lionel Forsythe, the solicitor for the company, who was watching the proceedings for Dosco, and asked him to obtain the balance sheets of the Sydney steel plant from 1939 to 1945, and also the number of employees outside the Sydney steel plant. Mr. Forsythe said that it would be a difficult task to extract the figures from the balance sheets, but they were going to do it. He said he could supply the other figures readily. Just as soon as these arrive Mr. Lieff or myself will inform you.

Mr. C. H. Millard, recalled:

As the members of the committee will notice, this brief is rather voluminous, and I do not propose to read the entire brief, but I do think it would not be fair to the presentation of our case unless I directed the attention of the

committee to certain relevant passages that seem to stand out and require a little amplification and, probably, some clarification as we go along, because, after all, we had only made a preliminary statement before.

I would ask the members of the committee to note on the very first page we have an index which shows that we have dealt with the union's case under seven headings, and we have added brief appendices, some of which are required to give certain members of the committee the additional information they were asking for.

I take as an example Appendix (H) on page 67 of the brief. I was requested to file with the committee a ballot that was used in the strike vote and so we have made that an appendix, having secured some ballots that were returned from one of the local unions in Toronto, and there you have the ballot before you.

By way of introduction, I am not going to read anything on the first page and I would ask the members of the committee to turn to page 2. At the top of the page:

These represent the programme or policy considered necessary and desirable by members of the Union, subject of course to modification through the normal processes of collective bargaining. If a fair and reasonable settlement were offered, its acceptance would be recommended by the National Advisory Committee to the membership, whose decision would be final so far as the Union is concerned.

Then we have dealt with some of the procedure that we have already placed before the committee. I would then draw your attention to the concluding paragraph at the bottom of that page:

The Union is seeking a general settlement with each company, defining the standards to be established in each local agreement, to take effect as and when provided in the settlement.

The Union is not demanding one agreement to cover the entire industry. It does, however, ask for a general settlement with each company, so that the Union's relations with each employer may be established on a more stable and orderly basis.

It is of great importance that whatever settlement is reached should include subsidiary or branch plants. In the past the exclusion of such plants has seriously impaired relations between the Union and the employers, particularly in the case of Dosco and Local 1231, Trenton, N.S., which was a party to the settlement of the steel strike of January, 1943, but was later barred by the National War Labour Board from any benefit under that settlement. Such cases can lead only to further disputes.

The interests of the public and all parties make it imperative that any settlement arrived at in good faith should be fully implemented without delay, and without amendment. It is impossible to exaggerate the importance of this point.

Then I would like to pass on to the concluding paragraph of the introduction on page 4:—

It is therefore important, when a settlement is reached under Government auspices in any industrial dispute, not only that it should be a sound and satisfactory settlement, but also that, firstly, it should take effect without undue delay and, secondly, it should not be open to amendment or variation later by any Board or other authority. Unless these two principles are respected, the best of settlements is likely to contain the seeds of another major dispute in the not-distant future.

Then, if the members of the committee will turn to page 5, you will notice that we have dealt with the question of national standards of the iron and steel

industry, and I trust that you will read the whole page. I want to refer to the concluding paragraph on page 5:—

The Steelworkers' claim for national wage standards in the industry is reasonable and well-founded. It would be unrealistic and illogical for the Wartime Prices and Trade Board to discriminate between different companies in the matter of price increases. It is equally unjustifiable to discriminate between their workers in the matter of wage standards.

Then, please turn to page 7. In dealing with the question of a national council for the steel industry, I would like to draw your attention to the third last paragraph, just below the middle of the page, starting with the words:—

The proposed National Steel Industry Council should have as one of its functions liaison with the International Steel Committee proposed by the International Labour Office. This would enhance Canada's position in the world market and at the same time afford an opportunity for Canadian producers to know the nature and extent of the demand for their products.

The International Committee has already held preliminary meetings at Cleveland. Canadian steelworkers were represented at these meetings by the National Director of their Union. Although the largest steel companies in the world sent outstanding management men to the conference, Canadian companies were conspicuous by their absence.

I might say that all the steel producing countries, outside of the former producers in Japan and Germany had government representatives at that conference except Canada, and upon my return I enquired from the Department of Labour officials, who have to do with the international labour office, and I was informed that attempts had been made up until the last minute to get Canadian steel employers representing that group of employers in Canada to attend the conference, and they all pleaded that they were too busy that they could not attend. I think it was a matter of record that Canada was the only country producing steel that was not represented at that conference.

Failure to establish the machinery for cooperation within our own country is thus causing failure to co-operate in an international body which is certain to have an important influence on the future of the steel industry.

Then at the top of page 8:—

3. Planned development of our own raw materials as a part of the Canadian iron and steel industry:

Recent years have seen the discovery and development of new iron ore mines in Canada. Our possession of this all-important raw material, as well as our possession, in certain areas of coal deposits, make it possible for our own iron and steel industry to attain a much more important place in world production. Unfortunately, there is a tendency to exploit the rich iron ore deposits of this country for export purposes alone. Canada could be much more than a mere exporter of raw materials and serious attention could be given by the Council to the expansion of the industry on the foundation of our own natural resources.

Then, on page 9, starting with the third paragraph:—

There was much loose talk and loose thinking on the subject arising from a failure to understand the proper organizational approach to co-operation on this question of union-management production committees.

Too many employers undertook to initiate ill-considered schemes for co-operation by direct appeals to their employees, ignoring or excluding the

union from participation. Such clumsy approaches naturally aroused suspicion among union-conscious workers, and discouraged co-operation.

Moreover, the worker is not impressed by appeals from an employer who gives lip-service to the ideal of co-operation and at the same time refuses to grant the union a measure of union security.

It is clear that union security must precede the successful establishment of genuine labour-management co-operation.

The first step is for the employer to grant union security, thus signifying his confidence in the agency chosen by the workers to represent them.

The second step is for the union representatives to reciprocate by assuring and convincing the workers that they can have confidence in the good faith of their employer, and that they should act accordingly.

The third step is to establish joint union-management production committees, department by department, and to cultivate on both sides a facility for practical organizational co-operation in the day-to-day problems of production and efficiency.

From that point on, much depends on the good sense and good faith of people on both sides. If both are willing to learn, remarkable improvements in safety, efficiency and productivity can be achieved.

Union-management production committees are not offered as a cure-all. They are advanced as a practical constructive and democratic method of raising our industrial techniques to the highest possible level by bringing together the best judgment and experience of union men and management men at the very point where mutual advantages can be discovered.

Union-management production committees provide at the departmental level the same type of co-operation which is required nationally through a council for the industry.

IV—Wages

The wage programme of the union calls for a uniform basic rate of 84 cents per hour throughout the industry.

Then you will notice on page 11, paragraph 2:

This involves an hourly increase of $19\frac{1}{2}$ cents for the employees of Algoma and Stelco, and $24\frac{1}{2}$ cents for the employees of Dosco. The weekly gross minimum on this basis would be \$33.60. The annual gross minimum pay would be \$1,750.00.

There are precedents already established that support the Union's programme. In the logging industry in British Columbia, a major industry employing approximately 37,000 workers, the settlement reached was 15 cents per hour across the board, plus overtime provisions. The overtime provisions were time and one-half after 44 hours for six months of the year and overtime after 40 hours for the other six months of the year.

I would like to draw the attention of members of the committee at that point to the fact that much has been said about the settlement which was effected with the loggers in the interior of British Columbia, and we heard some remarks regarding that from the deputy minister of labour yesterday. I would like to say that I do not believe that the entire picture has been made clear to this committee. There was a settlement of 10 or 12 cents an hour, but there was an additional wage adjustment that ranged from 2 cents to 10 or 12 cents an hour, so that in the net effect most of the men engaged in the logging and sawmill industry in the interior of British Columbia received from 12 cents to 22 cents an hour.

Mr. MAYBANK: You mean by that, that there were various classification changes?

The WITNESS: There were no classification changes, but the base rate was below the base rate on the coast and the base rate on the coast with the 15 cent per hour was 2·5 cents higher than the base rate in steel, 67 cents; and when it came to the adjustment of the base rate in the interior, some of those rates were below the 67 cent level, some as much as ten or twelve cents below the base rate, and all the base rates were adjusted and put at 67 cents, then ten cents was added on after that, if my information is correct; and, there is a representative in this room from British Columbia who participated in the settlement and I am sure he will be very glad to appear before the committee and give them the facts of the situation. That is my information, that there was a base rate adjustment amounting from 2 to 12 cents an hour; then, on top of that there was an overall ten cent wage increase; so that the pattern was not set at 10 cents in the interior of British Columbia, it was somewhere between 12 cents and 21 or 22 cents.

It should be noted that this was the settlement which the Minister of Labour declared was fair and reasonable. Referring to the report of Mr. Justice Sloan, the Minister of Labour stated in the House of Commons, June 4, 1946: "I believe it is sensible, it is fair, and it is reasonable".

That was the Sloan award and the settlement of the logging dispute at 15 cents an hour plus.

On June 18, 1946, the Minister again, referring to Justice Sloan's report, stated: "Chief Justice Sloan . . . has made a recommendation of fifteen cents an hour . . . In my judgment [this is] fair and reasonable . . ."

I think the members of the committee can check on these quotations.

However, it should also be noted that the minister contradicted himself in the House of Commons on July 10. In a telegram sent by him to Mr. Conroy, Secretary-Treasurer of the Canadian Congress of Labour, he had the following to say: "Those in the best position to judge state most emphatically that wage increases beyond an amount considered just and reasonable cannot be made effective if price control is to be retained. Again it is the considered opinion of those best able impartially to assess the present economic situation in Canada that increases in wages beyond ten cents per hour and in some instances less will force a break in the price ceiling."

The minister did not give any information as to who the experts were, nor on what grounds they based their estimates. Without that knowledge the statements are meaningless. However, the contradiction between the statements of the minister of June 4 and June 18 and that of July 10 is obvious.

In any event, the settlement in the lumber industry in British Columbia does establish a precedent for the Steelworkers' program. There cannot be one wage law for British Columbia and another for the rest of Canada.

I am sure that certain members of the committee will agree with that statement.

Mr. CROLL: For their own protection.

The WITNESS:

No guesswork was a part of the calculations when the union's objectives were established. The annual minimum of \$1,750 was the result of investigations into the available statistics on the cost of living in Canada. It was adopted as the objective of the union at its last National Policy Conference, held in Quebec City, October, 1944.

The data studied pointed to the conclusion that the minimum amount of money necessary for a health and decency standard of living for the average Canadian family in 1944 was \$1,750 annually.

The Dominion Bureau of Statistics' cost-of-living index was of small value in this respect. It was set up as an indicator of retail price changes and it is not very helpful in determining what the actual cost of living is at any given time. The index is unbalanced and inconclusive. It gives a sort of rough estimation of trends in cost of living. Changes in the cost-of-living index are shown in Appendix (G).

APPENDIX (G)

October 1, 1943	118.4
(Cost of living bonus merged into wage structure)	
October 1, 1944	117.7
October 1, 1945	118.8
January 2, 1946	118.9
February 1, 1946	118.9
March 1, 1946	119.1
April 1, 1946	119.8
May 1, 1946	122.0
June 1, 1946	123.6

If the members would be good enough now to turn to page 66 of the brief, appendix "G". I would like you to note that on October 1, 1943 the index was at 118.4. Now, I would like the members if they would to take a pencil and insert there after the first item on the page that the cost of living bonus was merged into the wage structure of the country between the first and the second items of these dates, in other words early in 1944, the bonus structure was merged into the wage structure in Canada. Then I would like to draw to your attention the fact that on April 1, 1946, the index stands at 119.8; on May 1, 1946 it stands at 122 even, and on June 1, 1946 it stands at 123.6; and, if my information is correct and judging from what I heard presented to the committee the other day we are surmising and I think with some justification that on July 1, that the figure to be released probably in one or two days from now by the bureau of statistics will record that on July 1, that figure has reached at least 125.3. Now, that may be somewhat out, but members of the committee will check with the record when it is available. So I would like to point out to the committee that we are now 5.5 points at least more than we were on April 1 of this year. And now, if you will turn again to page 12 of the brief:—

For what it is worth, the index has shown a wartime increase of 22.8 per cent, having risen from 100.8 in 1939 to 123.6 in June, 1946. It has risen from 119.2 in May of 1944 when the union was formulating its policy. That is an increase of 4.4 per cent in the past two years.

The greatest rise shown is in food prices. Here the increase has been 42 per cent from 1939 and 11 per cent from 1944. On the basis of research by the Toronto Welfare Council and now being carried on by the Ontario Federation of Labour, it is apparent that the Dominion Bureau of Statistics, in establishing its index, did not allow a sufficient weight for food. The other sources mentioned find that the amount spent on food by families in the lower income brackets reaches, and frequently exceeds, 40 per cent of income. Hence the very great increase in food costs has depressed still further the standards of living of the great bulk of Canada's citizens, her workers.

The estimates of the Toronto Welfare Council of present requirements are considerably higher than its 1944 figures. In 1944 the council found that \$35.85 per week was the minimum required for a health and decency standard of living for the average family in Toronto.

The average family in Toronto is much the same as the average family elsewhere in Canada. The cost of living does not vary greatly as

between Canadian cities. As a matter of fact, Sydney has a somewhat higher cost of living than Sault Ste. Marie, Hamilton, Montreal or Toronto.

From 1944 to June, 1946, the actual basic cost of living rose considerably according to the Toronto Welfare Council. Assuming it now to be \$38 we may say that what cost \$35.85 in 1944 and \$28.35 in 1939, now requires \$38 to purchase. The weekly increase since 1939 on this basis has been approximately \$9.65, or 34 per cent, as compared with a rise of 23.6 per cent in the index published by the Dominion Bureau of Statistics. No agency, governmental or otherwise, has been able to dispute the findings of the Toronto Welfare Council.

I will have something more to say about that later.

Price controls have been, and are to continue to be, relaxed. The price of building materials and furniture will increase still further. Clothing has risen sharply in price in the past two months. The cost of living is now rising much more rapidly than it did in the war years. The Dominion Bureau of Statistics' index, after remaining almost stationary for nine months, jumped almost two points from March to May this year. A further rise of two points was reported for June, and it is obviously going higher.

In this connection, it should be remembered that the Minister of Labour, in announcing revision of the Wartime Wages Control Order, December 9, 1943, stated in part:—

If any appreciable and continued change in living costs should occur there will be a general review of stabilization policy and the measures employed under it. (*Labour Gazette*, December, 1943, page 1602).

It should be noted that the cost-of-living index stood at 118.4 on December 1, 1943. The rise, since that time, to June 1, 1946, has been 5.2 points, and the rise is continuing. Therefore, an "appreciable and continued change in living costs" has occurred and "a general review of stabilization policy and the measures employed under it" is clearly indicated. It is, in fact, overdue.

For many months now workers have been receiving considerably less than they would have if the cost-of-living bonuses had not been incorporated into wages as of February 15, 1944. Any wage adjustment at this time must take into consideration this factor as well as other important factors.

At the same time that the Minister of Labour made the above statement, the Prime Minister referred to the new wages order in part as follows:

If the cost of living rises more than 3 per cent, and remains at that level for two consecutive months, the government will review the whole program of price control and wage control, and take appropriate action. (*Labour Gazette*, December, 1943, page 1601).

From February 1, 1946, the cost-of-living index has advanced almost five points, the sharpest rise yet recorded, and nothing has been done to review or modify the situation.

In view of these figures, the \$1,750 annual minimum objective of the union is far from exorbitant. On the contrary, it has fallen considerably behind actual needs. On the basis of the Toronto Welfare Council estimates, it is now approximately \$225 per year short of providing a health and decency standard of living.

There can be no doubt as to the needs of the steelworkers. The question then arising is: Can the companies pay?

I think that members probably received some assurance on that point from one of the companies this morning and from one of the other companies yesterday.

Only passing reference to the financial position of the three companies will be made at this point. The appendices contain pertinent financial data.

Stelco's wartime profits after taxes averaged well over \$4 million annually. Surplus account increased from \$18.6 million in 1939 to \$32.1 million in 1945, according to the company's reports.

I think you got that figure this morning.

Actually, this account has been understated by about \$4.5 million as will be seen in the appendices. Total reserves and surplus in 1945 of \$86.1 million (company figures) compared with \$49.5 million in 1939. Total assets of \$113 million in 1945 compared with total assets of \$78.9 million in 1939. Apart from governmental assistance, Stelco recently built a \$10 million addition to its plant without raising additional capital.

Algoma fared very well during the war years. It was able to extend its operations by an amount of approximately \$21,000,000.00, by special arrangement with the dominion government. Its net working capital increased from approximately \$5 million in 1939 to \$9 million in 1945. Total assets now stand at \$33½ million as compared with \$23½ million in 1939. Depreciation reserve is now \$10½ million, compared with \$2 million in 1939. Operating profit was \$960,671.00 in 1939 and \$3,482,797.00 in 1945. The high point for the latter item was \$4,198,339.00 in 1944. Earned surplus now stands at \$6 million as against \$1.5 million in 1939.

Dosco has always pleaded poverty. It has had something over \$21 million of public assistance since the war began. This does not include the subsidy on coal.

In spite of this plea of poverty the combined operations of the company show a profit of \$3.5 million in 1945, \$4 million in 1944, \$4½ million in 1943 and \$4.8 million in 1942. Working capital is now in excess of \$20 million. Depreciation reserve exceeds \$23 million and is 50 per cent of total fixed assets. Total assets are over \$60 million.

These companies can pay the wages sought. In the case of Dosco, it is the responsibility of the company to prove otherwise. In any event, the employees of Dosco cannot be expected to subsidize the undertaking. If the company requires assistance to enable it to pay a decent standard of wages, then it is the obligation of the government of Canada to meet that requirement.

As mentioned above, the increase requested from Dosco is 5 cents more than that requested from Algoma and Stelco. The union will not be content to allow the present differential, or any other differential, to be maintained. The principle of uniformity was embodied in the memorandum of understanding that led to the settlement of the steel strike in 1943. It is vital that the 5 cent differential between the rates for production workers at Sydney and those at Hamilton and Sault Ste. Marie, which was permitted to exist by the National War Labour Board, should now be removed.

I think in view of what has been said by the chairman of the National War Labour Board and by the Deputy Minister of Labour that I should refresh the memory, or at least inform the members of the committee that while we have been sitting in this room in these hearings I addressed a note to Mr. MacNamara in which I said: We propose to make certain specific proposals which are still under consideration to the committee re the steel strike—meaning the settlement—before doing so I am anxious to know what the board is going to do about

the Sydney differential. Could you advise me? My reason for writing that note to Mr. MacNamara was that I was hopeful that we might be able after this long period of time of almost, in fact more than two years, to wipe that particular issue out so that we can have the differential restored to these people who have been so long suffering and who suffered from what I consider mass discrimination over a long period of time. I received a reply from Mr. MacNamara to this effect: The National Board will undertake to review the case in the light of new evidence produced. You will appreciate that the evidence of Messrs. Anson and Gordon will have to be considered. The chances are fair, I would say. So that the matter is still before the board and I have no definite information that your particular dispute will be dealt with.

A substantial price increase has been granted to the primary steel industry, effective April 1, 1946. Without having all the data required for a thorough statement of what this increase means, we can make some estimates of its effects on the three companies party to this dispute.

The appendices contain more information on this matter. However, with production figures available and calculating the effect of Wartime Prices and Trade Board Order No. 617, it appears that the additional income accruing to the three companies will be in the neighbourhood of \$13 million. Algoma is likely to benefit to the extent of \$3,600,000.00, Dosco, \$3,500,000.00, and Stelco, \$6,000,000.00.

In conjunction with the price increase there must be considered the reduction in corporation taxes to 30 per cent, effective January 1, 1947. This will mean still more income for these companies.

I might say there are other factors. We are only just giving you generalities here; I mean, we will deal with them later—I refer to such questions as the putting of Canadian money at par which in at least one or two instances will make very considerable additions to the revenues of these particular companies.

The new equipment that has been installed and is being installed will mean greater productivity per man hour and greater income to the companies per wage dollar spent.

That this is true in at least one instance is shown in the following table giving payroll and production figures since 1939 at Algoma.

ALGOMA STEEL CORP. LTD.

PAYROLLS, CALENDAR YEARS AND PRODUCTION

1939	.....	\$3,704,186	.....	202,904	tons
1940	.....	6,056,583	.....	348,382	tons
1941	.....	7,006,368	.....	470,437	tons
1942	.....	8,513,702	.....	552,965	tons
1943	.....	8,934,305	.....	614,133	tons
1944	.....	9,305,296	.....	633,663	tons
1945	.....	8,838,557	.....	665,889	tons

We have to remember this, in the preliminary statement by Mr. McMillen, K.C. on behalf of Algoma, raised some question as to the validity of these figures; and I would point out to the members of the committee that actually what Mr. McMillen said when he questioned these figures was that he questioned them on the basis that the payroll figures were for the fiscal year, if I recollect correctly, and the production figures were for the calendar year. I do not think that is a valid argument.

1. With estimated working force of 3,000 in 1939, per man production was 67 tons annually.
2. With actual working force of 3,638 in 1945, per man production was 183 tons annually.

This is an increase of 173 per cent in per man productivity.

3. Payroll (annual) increased by 133 per cent from 1939 to 1945.
4. Production (annual) increased by 221 per cent from 1939 to 1945.
5. Labour cost of production per ton ingot steel in 1939 was \$18.00 (approximately).
6. Labour cost of production per ton ingot steel in 1945 was \$13.00 (approximately).

The Labour cost per ton ingot steel shown above seems out of line; the Union therefore can only assume that labour costs in supplementary undertakings in Sault Ste. Marie, such as bus service and domestic gas production, are charged against manufacture of steel.

All of these facts point to the conclusion that these companies will be able to pay their employees the wages requested.

There are other developments supporting the claim of the union for a weekly minimum wage of \$33.60.

The Dominion Bureau of Statistics, in its report, "Man Hours and Hourly Earnings", shows the drop in the number of hours worked in the past few months, together with the decrease in weekly earnings.

For the whole of the steel industry, the reduction in the number of hours worked weekly was 3.2 between December, 1944, and March, 1946. For crude rolled and forged products the weekly decrease in the same period was 2.4 hours.

This has resulted in weekly losses of earnings ranging from \$2.34 to \$3.70 for the whole of the industry and of from 18 cents to \$1.27 in the crude rolled and forged products section.

Thus, while prices have been advancing rapidly, workers' earnings have not only failed to keep pace with the rising cost of living but have been falling further behind.

Manufacturers often claim that raising wages will increase costs to such an extent that they will not be able to compete in the export market with producers in other countries. That this is not so is shown by the experience of the United States.

That country has the highest wage system in the world, yet United States producers can undersell competitors in almost any line of goods. The reason is that man hour productivity is greater in the United States than in any other country, because manufacturing equipment is modern and efficient.

If Canadian steel producers are unable to meet competition from other countries, they must modernize their plants to the point where man hour productivity at least equals that of any other country. The apparent wish of some steel producers to work long hours and pay low rates will never help to put Canada in a favourable position in the markets of the world. There must be some vision and some realism if we are to attain that place.

A pertinent factor in our export trade is Canada's ability to import. A country cannot long sell if it does not buy. If it is to buy it must have purchasing power. It can only have purchasing power when its people are working and receiving wages that will enable them to satisfy the demands for commodities in addition to those necessary to keep them alive. World trade benefits everybody. Canada should take steps necessary to maintain her proportion of such trade.

The union has heard the statement that primary steel producers cannot obtain the help they need to meet production goals. It is true that much of the work performed in steel mills is distasteful to potential employees. It is usually heavy and arduous, hours of work are too long, working conditions generally are not good and, above all, wages are too low. If wages were increased to a level more in keeping with present-day

needs, no doubt many of the objections would disappear. No one can blame people for reluctance to sell their labour under the adverse conditions generally prevailing in the steel mills.

It has been pointed out in the report of the Royal Commission on Provincial Development and Rehabilitation (Nova Scotia, 1944) that the wage demands of Canadian steelworkers have never been exorbitant nor out of line with other rates. Reference is made to the large differentials between steel wage rates paid in the United States and in Canada.

Now, members of the committee may not feel this is altogether relevant, but I should like to draw your attention to what is happening.

Since 1944 there has been a general wage increase of $18\frac{1}{2}$ cents per hour in the steel industry in the United States, further widening these differentials. The base rate in the United States is now 97 cents, $33\frac{1}{2}$ cents above the rate in two of Canada's primary mills, $38\frac{1}{2}$ cents above the rate in Nova Scotia. There can be no justification for such discrimination against Canadian steelworkers.

Now, I would like to add into the brief there something which I did not put in the brief, and that is in March 1946, the average hourly earnings in the manufacture of iron and steel—

MR. BLACKMORE: Would the witness go slowly so we can get that?

THE WITNESS: I will put it in the record. If you want it now, I will read it slowly.

MR. BLACKMORE: So we can get a summary of it.

THE WITNESS: As of March 1946, the average hourly earnings in the manufacture of iron and steel and their products in the United States were 116·8 cents per hour, and in Canada 78·9 cents; the United States being up by 37·7 cents. In basic steel the average hourly earnings in March 1946 in the United States were \$1.28 per hour—pardon me, rather \$1.29 cents per hour, and in Canada, 78·5 cents; the difference being 50·5 cents per hour. I put these figures on record because not only the base rates but the average rates, the value of money being paid is completely out of line. And I would like to add here for the sake of the record and the information of the members that it should be remembered that the differential in basic steel rates between the two countries was only about 10 cents per hour from 1935 to 1936. We used to have a differential of about 10 cents and now we have in our base rate a differential of over 30 cents and in our average rates a differential of over 50 cents.

MR. GIBSON: Have you got the cost-of-living index to indicate the difference between Canada and the United States?

THE WITNESS: I know you can buy a car over there cheaper than you can here.

Now we will go on with page 17 again.

There is even less justification for this state of affairs than there was previously. The basic price increase of \$5 per ton ingot was the same in both countries—or almost exactly the same. In the United States this figure was set after taking into consideration the wage increase of $18\frac{1}{2}$ cents. In Canada the price increase was sufficient to include wage increases. Yet managements refuse to grant their employees the increase which government officials declared was intended to follow the price rise.

By Mr. Smith:

Q. Have you the cost-of-living rate for the United States so we can make some sense out of this?—A. I do not believe I have. It can be obtained for you if you wish it, Mr. Smith. We make the charge that they have not treated their workers in a fair or reasonable manner.

By Mr. Blackmore:

Q. I wonder if the witness implies that he will obtain that information?—
A. I imagine the Department of Labour has it from the Department of Labour in the United States.

Mr. SMITH: I wondered if we had it.

Hon. Mr. MITCHELL: We should get the increase in the weighted index since the abolition of the O.P.A. in the United States.

The WITNESS: Let us go to the bottom of page 17.

The union must emphasize the fact that steelworkers will not be content with their present small share of the income resulting from their toil. Their standards of living must be raised.

Purchasing power must be spread in a way that will make effective the present potential demand. Thus the nation will achieve a more balanced economy and the dangers of depression be lessened.

At this point I should like you to come with me to the financial standing of the companies in the various appendices, so will you now turn to Algoma on page 44? I am not going to read the entire analysis we have here. I think the members will want to study this. I want to point out two or three of the high points and I shall read the first two paragraphs.

Beginning with the outbreak of war in 1939, a vast expansionary program was undertaken at Algoma. This was in co-operation with the government of the Dominion of Canada. Most of the funds for this undertaking were supplied by that government. The total amount of money allocated by the government was in the neighbourhood of \$21,000,000.

The funds were spent on building a new battery of coke ovens, a blast furnace, a 44 inch blooming mill, a 25 inch billet mill and the installation of additional crane facilities. The company operates certain of this new equipment under lease from the dominion government.

I notice in the middle of the page they now operate, according to their own financial statement 158 coke ovens owned by themselves and 86 leased from the government.

Now, would you turn to page 45.

Algoma carries on the business of coke, pig-iron and steel making. Its chief steel products consist of rails, structurals, including sheet piling, merchant mill steels and special alloy steels. Its coke capacity is 1,250,000 net tons annually. Associated with the company's coke business is a modern by-product and chemical plant, producing benzol, tolual, xylol, solvent R, naphthalene, ammonium sulphate, virgin tar and coke-oven gas. Much of the latter is sold for domestic purposes in Sault Ste Marie.

Algoma's pig-iron capacity is 1,000,000 net tons annually and its steel capacity 800,000 net tons of ingots annually. Its rolling mills consist of a 44 inch blooming mill, a 25 inch continuous billet mill, a 35 inch blooming mill, a 30 inch rail mill which also rolls various structural shapes, and 18 inch and 12 inch merchant mills.

Algoma Ore Properties Limited has mined and treated 700,000 gross tons of ore yearly in recent years. Ore reserves at the Helen Mine are now estimated at over 100,000,000 tons.

By Mr. Gillis:

Q. May I ask you with reference to Algoma whether it is not also true that they operate a coal mine or coal mines in the United States?—A. They have coal mines—I believe two mines—in Pennsylvania or Virginia, West Virginia; I am not sure.

Will you look at the table at the bottom of the page, please? at the long term record, and I should like you to compare some of these figures. Under the heading "Years end April 30" you will notice 1945 at the top and 1940 at the bottom, that there is a six-year spread. In 1945 the net income was \$1,112,132 and the corresponding figure for 1940 was \$780,240. For 1944 it was \$1,057,796, and you will notice the figures graduate down. The earnings per share were increased from 1940 on the common earnings of \$1.62 to \$2.48 in 1945 and \$35.44 on the preferred to \$68.84 in 1945.

On the following page, if you go farther back in the report you will notice they have greatly improved over those dates which we have already seen. I am going to leave the rest of that page for the members to study at their leisure and turn to page 47. You will notice at the top of the page the heading "Working capital position": current assets in 1939, \$6,312,795, and in 1945, \$14,873,591; current liabilities for 1939, \$1,283,728, and for 1945, \$5,782,458; net working capital for 1939, \$5,029,067, and for 1945, \$9,091,133—almost twice as much. The current ratio I am told by Mr. Kidd should be reversed.

The foregoing table shows the effect of the wartime expansionary program on Algoma's earning power. No data is available to show how much the company pays the dominion government for rental and usage of that part of the new equipment still theoretically retained by the government. But there is enough to show the extent to which Algoma profits therefrom.

It is known that sales were approximately \$10 million in 1939, and were in the neighbourhood of \$30 million in 1945. Algoma reported sales in 1945 were substantially in excess of 1944 and were the largest in the company's history. It was also reported that special depreciation on plant purchased for war purposes was completed. In that event, the greatly increased earnings now will be available for dividends and other expenses as they arise.

In 1945 depreciation taken was \$1,055,617 as compared with \$2,267,296 in 1944.

The members of the committee will note that the depreciation dropped very rapidly from 1944 to 1945, meaning that a great deal of this war expansion program had been written off by special depreciation and they got back to more or less their customary depreciation allowance.

From 1939 to 1945 depreciation reserve rose from \$2,118,694 to \$10,670,738, an increase of over 400 per cent.

Again I think that figure ought to be noted by the members of the committee.

In the same period, property account, before depreciation reserve, rose from \$17,541,910 to \$27,863,438. This is an increase of \$10,321,528, or 59 per cent. Total net assets increased by \$10 million in the same period.

A surplus of \$1,372,992 at the end of business in 1938 had become \$6,118,371 at the end of 1945. Working capital rose from \$5 million in 1939 to \$8 million in 1945.

Algoma's estimated production for sale in 1946 is approximately 600,000 tons of steel ingots. Most of this production will be used by the company to manufacture the variety of products listed above.

If the average price increase was \$6 a ton, the additional income to Algoma would be roughly \$3,650,000. The requests of the company's employees for wages to provide a health and decency standard of living would amount to no more than one-half of this additional income. The financial position of the company would in no way be adversely affected.

Now, if you will turn to appendix "E" on page 48 we will take a short look at Stelco. Some of the figures which the members of the committee received this morning you will find repeated in this analysis here. I am not going to read any until we come to the bottom of the page, the third last paragraph.

In 1941 plant additions made by the company included an 875-ton daily capacity blast furnace, with supplementary blowing and boiler capacity and a 150-ton open hearth furnace with crane and added soaking pits. These additions were financed with the aid of a \$4,150,000 advance, again by the dominion government.

In this connection Mr. Ross McMaster, company president, stated in his report to the shareholders in 1942: "Your directors anticipate that it will be covered by charges for special depreciation over a period of three years." Of course Mr. McMaster was merely being cautious; probably no one ever doubted that Stelco would get the plant additions free. And so it was; the \$4,150,000 was written off out of profits in three years. The added capacity remains for profit-making in future years.

I trust the members of the committee will observe very closely what took place in the steel industry during the war years. There was a great deal of expansion for productive capacity in those plants and it was done at the expense of the Canadian people.

Right Hon. Mr. HOWE: You say here that \$4,150,000 was advanced again by the dominion government. I can assure you the dominion government made no advances to the Steel Company of Canada.

The WITNESS: We have clarified that somewhat, Mr. Howe, in the next paragraph.

Right Hon. Mr. HOWE: Certain special depreciation was written off but the money was advanced by the Steel Company of Canada, not by the Dominion of Canada.

The WITNESS: They put the money up but they were—

Right Hon. Mr. HOWE: They were allowed special depreciation.

The WITNESS: What it means is they did not pay it in excess profits as they otherwise would; is not that it? Maybe the word "advance" is ill-advised.

Right Hon. Mr. HOWE: Ill-advised and incorrect.

The WITNESS: All right. They got the money just the same.

Right Hon. Mr. HOWE: No.

By Mr. Maybank:

Q. Is it not a fact that immediately the depreciation was written off, thereafter they paid taxes on the whole? They were never able to continue to subtract anything from their earnings for depreciation; is not that a fact?—A. I would have to check on that before I answer the question.

Q. The depreciation is allowed as a deduction before payment of the taxes; you agree with that?—A. That is right.

Q. That is the nature of it. And when a plant has been 100 per cent depreciated, as in this case you have been showing, it means that thereafter there can be no deduction for depreciation whether the plant is continuing to depreciate or not; is not that a fact?—A. You will find, Mr. Maybank, that in the steel business there is very heavy depreciation taken because of the actual depreciation in that equipment for restoration, and we sometimes question the amount of depreciation that is taken even after it is paid off 100 per cent.

Q. I am desirous of clearing up a misconception that might arise from saying that money was obtained from the dominion government for expansion, and I am asking you if you will not agree that after there has been this special depreciation, and resulting therefrom 100 per cent depreciation declared, there-

after there could not be, in respect of the same article, any deduction from income before paying taxes?—A. In order to answer that question I certainly would have to have a look at the steel company's accounts.

Q. I was not referring particularly to this case, but only to make sure that you and I were in agreement as to the meaning of these terms and expressions in any case?—A. I will go a long way with you.

Mr. MACINNIS: I think we are losing time on this point. Is not this a case of special depreciation and we would never be in a position to know how it stands in following years without having someone from the Department of National Revenue here to give us the facts; and if we want that information I would rather that we let Mr. Millard go—

Mr. MAYBANK: I do not think there is any disagreement between Mr. MacInnis and me on that. As long as there is no misconception arising out of the term Mr. Millard is using I am quite content, and I think he is in agreement with the suggestion.

Hon Mr. MITCHELL: Is not that a job for an auditor? Either the government has been right or wrong in granting these subsidies. Now, it does seem to me that the person who should give evidence as to the correctness of such statements should be an auditor.

Mr. MACINNIS: The auditors of the Department of National Revenue I think will do the job.

Mr. MAYBANK: I think we are all agreed on it now.

The CHAIRMAN: Some members of the committee asked Mr. Millard a few minutes ago to give figures relating to the cost of living in the United States. I believe Mr. Mitchell has the official figures here, and before we adjourn I shall invite the minister to give the committee this information. At 3.30 we will proceed with Mr. Millard's evidence.

Hon. Mr. MITCHELL: Mr. Chairman, the question was asked about the United States situation. Taking a base at 1939 of 100 the figures are as follows: Canada, June 1946, 122.6; United States, May 1946, 133.4. I have procured additional information to that. The United States Department of Labour statistics section issues a daily index bulletin which is based on 28 basic commodities. As I say, this is a daily bulletin. From June 28 to July 26 the increase is reported as 24.8 per cent—that is just over a month. The breakdown of 12 basic commodities consists of food items, and the increase from June 28 to July 26 has been 33.6 per cent.

Mr. McIvor: Additional?

Hon. Mr. MITCHELL: Additional. That is the approximate date the O.P.A. went out the window. The other 16 items are industrial material and the increase in per cent in these latter 16 is 18.7 per cent, the average of the two being 24.8 per cent, as stated.

Now, the source of those figures is the United States Department of Labour statistics section, which issues a daily bulletin.

Mr. BLACKMORE: I am not sure you meant to use the words "in addition". Did you not give us a breakdown of the two divisions in that index? Someone asked if the 33.6 per cent were in addition.

Hon. Mr. MITCHELL: That is in addition.

Mr. BLACKMORE: Would not that be a part of the first index?

Hon. Mr. MITCHELL: You would add it onto the next index.

Mr. MAYBANK: The misconception arises in that the minister had remarked that the increase in the 28 articles in that period of time he mentioned, June to July, was 24.8 per cent. He then spoke of food items being 12 in number and said that the increase was 33.6 per cent. I believe at that point the remark was

made: was that additional? And the minister answered yes, meaning that it was additional, but it was also reflected in the 24·8 per cent.

Hon. Mr. MITCHELL: That was passing through my mind quickly. I gave you the index for May 1946 of 133·4.

Mr. BLACKMORE: For 28 items?

Hon. Mr. MITCHELL: I do not know how to answer your question, but I think the committee should know that since the abolition of the O.P.A. and the apparent loss of controls in the price structure, food has increased by 33·6 per cent in those 24 items.

Mr. BLACKMORE: 28.

Hon. Mr. MITCHELL: Yes, 28. And industrial materials have increased 18·7 per cent, which makes a combination of 24·8 per cent.

Mr. CROLL: Is that points or percentage?

Hon. Mr. MITCHELL: Per cent based on 100—yes, percentages.

Mr. CROLL: Are the two indexes comparable?

Hon. Mr. MITCHELL: I do not know.

Mr. BLACKMORE: The second index is a special list of 28 items and it is not the same kind of list as the other one.

Hon. Mr. MITCHELL: We are trying to get at the core of the matter. The witness this morning—and I am not questioning his evidence, you understand—the point has been raised that food has increased in price, and I think we all admit that. Since the collapse of the O.P.A. in the United States there is an indication to the working people of this country and the United States too, I think, of at least the value of some measure of price control during this period of reconstruction. I have the indexes for other countries if you wish to have them—Great Britain—

Mr. CASE: Is that the same base figure as June 1929?

Hon. Mr. MITCHELL: I do not know.

Mr. CROLL: Does the minister suggest to the committee that the cause for the failure in price control was due to the lack of wage control?

Hon. Mr. MITCHELL: I believe this: that is a matter of judgment.

Mr. CROLL: Your judgment?

Hon. Mr. MITCHELL: My judgment is that you cannot have one without the other.

Mr. CROLL: Is not that the cause of it in this case?

Hon. Mr. MITCHELL: I think in part, yes. You remember that after V-J day we had this thing under constant review at the time. After V-J day all the American controls, with the exception of the O.P.A. were, to all intents and purposes, abolished, although any reasonable man must admit this premises that you cannot have price control—let me say in the case of food—you cannot have a system of price control on the farming population of this country, the farmers, without a measure of wage control on the things that go into implements necessary for the farmer to produce the food over which you have the control. I think one is contributory to the other. I know at that time I played with the idea—and we all played with ideas—that perhaps it would be best to go into straight collective bargaining and merely let the Prices Board endeavour to control the situation, but my opinion did not prevail. It was felt by the government that you could not have one without the other; you have to choose your weapons; you have to have a completely unrestricted economy because you cannot put one section of the economy under control without putting the other under control. I think that is elementary. You cannot put the farmers under control without having a measure of control in the industrial structure.

Mr. HOMUTH: Mr. Chairman, before the committee adjourns may I say that we have been studying these statements of the various steel companies. Particularly, I am thinking of the financial statement of Dosco. We have been told in this committee of the tremendous sums of money that have been paid in subsidies to Dosco. Now, the picture to my mind is simply this, that Dosco either was entitled to the subsidies or it was not. If their earnings are set forth and if there are ramifications of the various companies, it seems to me the government has either been very delinquent in paying Dosco subsidies or Dosco is entitled to them, and I think we must have some evidence brought before this committee to substantiate that position.

The CHAIRMAN: I shall draw that point to the attention of the steering committee. On the other question Mr. Howe will give some further information at 3.30 this afternoon.

The committee adjourned to meet again at 3.30 p.m.

The committee resumed at 3.30 o'clock p.m.

Right Hon. Mr. HOWE: Mr. Chairman, a question was asked just before the recess as to the price increases in the United States. It happens that I have the monthly report of the Department of Reconstruction and Supply, Directorate of Economic Research of the United States. This is the report for June, 1946. The opening paragraph deals with the situation in Canada, and I think it will be of interest to the members of this committee. It says:—

The collapse of price control in the U. S. at the end of June was the signal for a sharp upswing in prices. By mid-July, the price of 28 basic commodities as registered in the Bureau of Labour Statistics Index had risen 25 per cent since June 28. The Index of wholesale prices, which stood at 105·7 on V-J Day, had reached 120·7 two weeks after the lapse of O.P.A. More than half of this increase took place since June 1. Rents have apparently risen fairly generally from 10 to 15 per cent under the newly-imposed controls in many states. The prices of many foodstuffs, formerly subject to subsidy, and of various metals in short supply have increased very sharply. No figures for the rise in retail prices are yet available, but it is probable that increases in commodity and wholesale prices will gradually be passed along to the consumer. No very substantial measure of price control is likely to be restored in the immediate future. The break in U.S. prices marks a sharp divergence between Canadian and American levels, which have been following a roughly parallel course since the end of the war. Between V-J Day and May, 1946, the Canadian wholesale price index rose about 4 per cent as compared with a 5·3 per cent increase in the U.S. index. The rapidly widening margin between prices in the two countries since the end of June has stepped up inflationary pressure on the Canadian economy. The immediate danger lies in the possibility of a drain of goods out of Canada as exports rise and imports drop off. Such a development would aggravate the present serious shortage of supply and increase the pressure against price ceilings. No one can predict as yet how the U.S. prices will rise or how violently the turning-point will come. If a runaway inflation should take hold, however, Canada will be hard put to it to maintain her own economic stability.

Mr. CASE: I want to refer to page 48 of Mr. Millard's brief, paragraphs 6 and 7, and in view of Mr. Howe's statement this morning, I want to ask Mr.

Millard if this is a fair comment and proper evidence, and is he prepared to allow it to stand?—A. I would like to take out the word “advance” out of the 6th paragraph.

Q. Where is it?—A. Right immediately after the sum “\$4,150,000”. Take the word “advance” out and use the phrase “depreciation allowance”.

The CHAIRMAN: I understand that we are to let Mr. Millard go on with his brief, and when he is through we will have the right to question him.

Mr. MACINNIS: Mr. Chairman, there were two sets of figures that I asked for yesterday, and I was wondering if they are now available. One was the comparative annual wage in the steel industry and in the lumbering industry in British Columbia, and the other was the comparative cost of living figures for Sydney, Sault Ste. Marie and Hamilton. I believe that someone indicated that they would have these figures here.

The CHAIRMAN: I do not exactly recall what took place yesterday in regard to that.

Mr. A. MACNAMARA: The Department of Labour is working on these statements. They hope to have them ready for to-morrow morning.

By the Chairman:

Q. Will you continue, Mr. Millard?—A. If the committee members will turn to page 49 of the brief—

By Mr. Case:

Q. Why do you not read paragraph 8 on page 48?—A. I am just going to skim over this and draw certain groups of paragraphs to the committee's attention. On page 49:—

STELCO'S WARTIME GROWTH

From the survey of the company's physical resources let us now turn to an examination of its financial position. For that purpose we have taken the last three years before the war, including 1939, and compared them with three full war years, 1942 to 1944 inclusive. Increases, absolute and per centum, at the end of business, 1944, over the end of business, 1939, will also be shown.

Profits, dividends, depreciation, surplus, working capital and other outstanding features will all be found in the appendices attached to this survey. These figures show conclusively the tremendous growth in the financial strength of the company. They also show, as we suggested at the beginning, that Stelco can meet the requests of the Steelworkers without the slightest inconvenience.

The meaning of some of the increases to the company, the shareholders and the employees we will attempt to explain, at least in part, in the following paragraphs.

I am not going to bother you with depreciation. I would like you to turn to page 50, down near the bottom of the page:—

Further, as may be seen from the tables attached, depreciation taken by the company in 1944 was over \$2 million in excess of 1939, an increase of 127 per cent in five years. The total depreciation reserve at the end of 1944 was nearly \$18 million greater than at the end of 1939, an increase of 69 per cent. The total amount in this reserve stood at \$43,743,232 against fixed assets of \$68,639,272.

I do not think it is necessary for me to read the material under the heading “Surplus Account.” You have it before you, and I may say that there

are some very important figures in there. Turn over to page 51: "Even excluding the hidden reserves—"

By Mr. Homuth:

Q. What do you mean by hidden reserves?—A. Reserves that are put away for other purposes.

Q. Are you showing them in your brief?—A. Not unless they are here in the typed section.

Q. If they are not in the brief, you should not refer to them.

The CHAIRMAN: May I suggest, Mr. Homuth, that you let Mr. Millard proceed with his brief, and later on you may question him.

Mr. HOMUTH: The statement as to hidden reserves should not be mentioned unless there is clarification as to where they are. If they are shown in the statement, then they are not hidden reserves.

The CHAIRMAN: Your question is perfectly in order, but I think it is untimely. You will have full latitude to ask him any questions when he is through with his brief.

Mr. HOMUTH: My question, Mr. Chairman, is not untimely if it will clear up the situation. It will go out to the public that there are hidden reserves.

Mr. MACINNIS: I believe that Mr. Millard indicated what he had in mind as shown in the last line of the first paragraph on page 51.

The WITNESS: I would be very glad, Mr. Chairman, if the committee wishes, to call our research director, after I have finished, who will explain these points to the committee if I am not making them clear. On page 51.

Even excluding the hidden reserves which should be declared as surplus, the increase in surplus shown by the company has been substantial. In 1939 the figures of this account was shown as \$18,651,040. At the close of business 1944, this sum had risen to \$29,933,244, an increase of \$11,282,204, or 60 per cent in five years.

Total reserves and surplus, again excluding the hidden sums we have indicated, stood at \$80,390,014 at December 31, 1944, an increase of \$30,845,254, or 62 per cent over 1939.

On page 52, the third paragraph from the top:

The dividend rate also increased rapidly during the war. The rate in 1939 on preferred stock was \$1.75 per share, and by 1942 it had been increased to \$3 per share per year. Common stock, too, nominally carried a rate of \$1.75, but as a result of a court order \$2 extra was paid on the common stock in the late 1930's in order to bring about equalization of dividend payments with the preferred stock. The rate for both issues of stock is now \$3 per share yearly. The total amount of dividends paid out yearly now stands at \$2,159,556.

Then you have in the next paragraph or two, the working capital of the company and the figures given are explanatory in that regard. Then, there are certain statements regarding a conclusion on these matters. I would just like to draw the attention of the committee to the table set out on pages 54 and 55.

Mr. HOMUTH: Just a minute, Mr. Chairman. On the bottom of page 52, the fourth paragraph from the bottom, there is a statement that I do not think should go unchallenged by this committee. It is a statement that is a very serious one. It is a serious one for this government; it is a serious one for the people of Canada:

There can be no question but that the Steel Company of Canada can more than afford to pay the entirely reasonable requests of its employees. It could meet them out of the hidden surpluses and the

profits buried in excessive depreciation reserves. It could have paid them and still have shown net profits as great as those it divulged to the public during the war years.

Surely we are not going to have a brief presented to this committee with statements like that in it unless the gentleman who is presenting this brief is prepared to explain what he means in that statement. This is a charge against the income tax department of this government. It is a charge against the whole taxation department of the government. It is a charge that the company is hiding things and not paying income tax on them. We have people in this country who are threatened with prosecution if they owe \$5, \$6 or \$10 to the income tax department. Here is a statement that would lead people to believe that there must be millions of dollars that are hidden, and upon which they should have paid taxes. I think there should be some explanation.

The CHAIRMAN: Mr. Homuth one should not ignore the fact that the witness at the bar is under oath, and if he does not substantiate the declaration contained in his brief then it is up to the committee to weigh the value of his evidence. I quite agree with Mr. Homuth that the committee has the right to ask the witnesses all questions relating to such statement, and I shall shortly let any member of the committee ask questions to clarify or substantiate this statement or any other one.

Mr. HOMUTH: Is the witness under oath, or is this statement under oath? He has not read that part of the statement. If he does not read that part of his statement, then he is not under oath with regard to those conclusions. There is a charge made here.

The CHAIRMAN: If you will permit me to say that the situation is very clear. You have the right to ask the witness if this statement is true or not true, and the answer that will be given by the witness will be given under his responsibility as a witness under oath, and later our committee will pass judgment on such an answer.

Mr. HOMUTH: Then, Mr. Chairman, I would ask this in view of the fact that the witness has not read this paragraph, if he will read it.

Mr. JOHNSTON: Mr. Chairman, on a point of order, it is clearly understood that the witness is under oath. I do not think that any member of this committee should pick up a paragraph and ask the witness to read that particularly. It is evident that the witness is under oath, and the witness has said that he has a witness who will come later and verify that statement.

Mr. MAYBANK: I am one of those who believes that the oath of the witness has not added anything to his presentation. I do not mean by that to suggest that he would do that regardless of the oath. I would place just the same importance on Mr. Millard's statement whether it was under oath or where it was not. I am quite content on that score. I think, in any event, that the type of evidence he is giving is opinionative to a very great extent. I think the only thing important at the moment is whether questions will be asked now or later. We have decided upon a certain course, and Mr. Homuth would challenge it. It is, undoubtedly, his right to suggest it to the committee and we can change our minds and have questions now. I think it would be better to save them up and ask them later. That point will not be forgotten.

Mr. HOMUTH: Let him go ahead then.

Mr. CASE: I still think, Mr. Chairman, that where the submissions in the brief are considered under oath, where he does not repeat some of them, are they under oath.

The CHAIRMAN: As far as I can see, Mr. Case, according to the legal experience I have had, a factual statement given orally by the witness is under oath,

but not the brief, so that if you have anything to put to the witness on a certain particular point, it is up to you to ask the witness any kind of question you would like him to answer.

Mr. HOMUTH: Then I consider the only statements that are under oath are the statements that the witness makes; anything that he leaves out of the brief is not under oath. That is your ruling?

Mr. MAYBANK: I think, at the beginning, the witness said that this was his brief.

Mr. SINCLAIR: At the beginning of this discussion I understood that Mr. Millard understood that instead of reading all of this brief he was only going to highlight things which he desired to bring to the immediate attention of the committee. My understanding was that Mr. Millard submitted this brief in its entirety; and, if so, I would say that the whole brief was subject to questioning.

The CHAIRMAN: That would mean—

Mr. SINCLAIR: Do you submit this entire brief on your responsibility as director of the United Steelworkers?

The WITNESS: Absolutely.

The CHAIRMAN: Are you satisfied, Mr. Case?

Mr. CASE: Yes, thank you sir.

The WITNESS: In view of the controversy over these facts I would like to explain that the material you have before you in these financial appendices in connection with all these companies are the work of the research department of our union; and in some cases, particularly in regard to the Steel Company have the endorsement of chartered accountants who have been employed to check these matters. Now, I am not a chartered accountant, nor am I an economist; which I do not need to explain to this committee. But we feel that the statements made here are fair and reasonable in view of chartered accountancy practice and have the endorsement of qualified persons; and we believe them to be a true and honest statement so far as we are concerned. I might say that the figures at the beginning are the company's own annual statement, so that we are not trying to put forth our figures. We may have expressed opinions, as we did on page 52 where we say there is excessive depreciation reserve. We say that a reasonable rate of depreciation would permit any increase in the company's payroll and so on. That is a matter of opinion, but it is also based on chartered accountancy practice.

I should like now to draw your attention to page 55 and three or four items in the record of the Steel Company of Canada, as follows:

THE STEEL COMPANY OF CANADA, LIMITED 1942-1944

	1942	1943	1944		
Profits before Taxes	\$13,168,842	\$9,366,781	\$8,560,789		
Profits after Taxes	4,805,938	4,176,925	4,658,655		
Dividends Paid com. stock	1,380,000	1,380,000	1,380,000		
Dividend Rate com. stock		3 00	3 00		3 00
Dividends Paid pfd. stock	779,556	779,556	779,556		
Dividend Rate pfd. stock		3 00	3 00		3 00
Total Dividends Paid	2,159,556	2,159,556	2,159,556		
Depreciation	4,597,243	4,317,532	3,602,134		
Fixed Assets	63,100,501	63,983,679	68,639,272		
Total Assets	98,990,637	103,247,735	107,857,320		
Surplus	25,200,816	27,434,145	29,933,244		
Working Capital	21,179,594	25,799,625	27,136,463		
Total Reserves and Surplus	67,788,291	74,580,563	80,390,014		
Depreciation Reserve	36,466,352	40,395,264	43,743,232		
Book Value pfd. stock ..		179 00	188 89		198 56
Book Value com. stock ..		86 99	92 58		98 04

NOTE.—Average profits after taxes in period 1937-1939 inclusive were \$3,973,501 as against \$4,547,173 for 1942-1944—an average yearly increase of \$573,672.

Then I would like to draw your attention to page 56, and to the increases indicated there:—

THE STEEL COMPANY OF CANADA, LIMITED		
	Increase 1944 over 1939	Per Cent Increase 1944 over 1939
Profits Before Taxes	\$ 1,974,540	30
Depreciation	2,016,735	127
Fixed Assets	18,892,627	38
Total Assets	28,914,538	37
Surplus	11,282,204	60
Working Capital	11,534,366	74
Total Reserves and Surplus	30,845,254	62
Depreciation Reserve	17,903,298	69
Book Value pfd. stock	46 69	31
Book Value com. stock	26 37	37

And I have a note in front of me here in my brief which says: these figures do not appear to indicate any financial distress on the part of this particular corporation.

Then I would like to read to you the concluding paragraphs on page 58:—

Stelco now produces approximately 1,000,000 tons of steel ingots annually. If all this were sold in crude form, the additional income to the company would be \$5 million. However, little, if any, of Stelco's ingot production is sold in crude form. Rather, it is used in manufacturing various types of steel products.

The price increases permitted on such products by Wartime Prices and Trade Board Order No. 617 generally exceeds \$5 per ton. The average price increase on Stelco's products may run upwards of \$8 or more per ton. In any event, the price increase of April 1, 1946, will apparently net the company additional income in excess of \$5 million annually.

The union was given to understand by Stelco some months ago that the company could afford to pay to the full the increases sought for its employees. There can be no disputing the fact that the recent price increase removes any argument over the ability of this company to pay wages that will permit its employees a health and decency standard of living.

Now, I should like to have you turn to page 81 of the brief which is part of the Wartime Prices and Trade Board order No. 617—page 81, schedule B: You will notice the Steel Company advertises the fact that they make horseshoes, and I would draw your attention to the item on horseshoes which says they went up \$1 per hundred pounds or \$20 per ton. I give you that to illustrate that some of the products of the Steel Company of Canada were increased in price greatly in excess of \$5 per ton.

Mr. SMITH: What was the illustration? I did not hear.

The WITNESS: Horseshoes.

Then I will ask you to turn with me please to page 59: some member of the committee was asking for the subsidiaries of the Dominion Steel and Coal Corporation. You will see those listed on page 59 near the bottom.

APPENDIX (F)

DOMINION STEEL AND COAL CORPORATION, LIMITED

Financial Position

Dosco, together with its subsidiaries, has facilities to produce 6,000,000 tons of coal, 1,700,000 tons of iron ore and over 600,000 tons of finished steel per annum. It normally consumes in its steel operations one quarter of the coal and less than one half the iron ore mined, the balance being available for domestic sale and, in the case of iron ore, for export as well.

Dosco's main steel operations are located at Sydney, Nova Scotia, on 700 acres of land bordering on the harbour. Its main products are rails, merchant bars, light shapes, concrete reinforcing bars, ship and heavy forgings, spikes, bolts, wire products, nails and car axles.

The company's iron ore properties are at Wabana, Newfoundland. The estimated ore reserves stand at 3,635,000,000 tons.

Coal properties are mostly located in Cape Breton Island. It is estimated that the company's mines contain 2,500,000,000 tons of bituminous coal. This coal is used mainly for industrial purposes.

Despite the fact that Dosco has pleaded poverty over a number of years, annual returns for the corporation show greatly expanded profits after taxes, especially since 1937.

Consolidated profit and loss and balance sheet figures given below include operations of the following subsidiaries:—

1. Dominion Shipping Co. Ltd.
2. Sydney Lumber Co. Ltd.
3. James Pender & Co. Ltd.
4. Peck Rolling Mills Ltd.
5. Halifax Shipyards Ltd.
6. Seaboard Power Corp. Ltd.
7. St. Lawrence Wire Co. Ltd.
8. Security Fence Co. Ltd.
9. The Canadian Bridge Co. Ltd.
10. The Essex Terminal Railway Co.
11. Canadian Steel Lands Ltd.
12. The Canadian Steel and Wire Co. Ltd.
13. Canadian Transmission Tower Co. Ltd.
14. Canadian Steel Corp. Ltd.
15. Canadian Bridge Engineering Co. Ltd.
16. Graham Nail and Wire Products Ltd.
17. The Sarnia Fence Co. (1939) Ltd.

The operations of Peck Rolling Mills Limited, Security Fence Co. Limited, and St. Lawrence Wire Co. Ltd. are on the site of Canadian Tube & Steel Products Limited and are in process of being consolidated with that subsidiary of Dosco.

Certain subsidiaries are excluded from the returns listed below. These are:—

1. Nova Scotia Steel & Coal Co. Ltd.
2. Dominion Coal Co. Ltd.
3. Canadian Tube & Steel Products Ltd.

The first two of these excluded subsidiaries have in turn subsidiaries of their own:—

1. Nova Scotia Steel & Coal Co. Ltd.
 - (1) Old Sydney Collieries Ltd.
 - (2) Trenton Industries Ltd.
 - (3) Acadia Coal Co. Ltd.
 - (4) Eastern Car Co. Ltd.
 - (5) Trenton Steel Works Ltd.
2. Dominion Coal Co. Ltd.
 - (1) Empire Housing Co. Ltd.
 - (2) Dominion Rolling Stock Co. Ltd.
 - (3) Sydney & Louisburg Railway Co.
 - (4) Cumberland Railway & Coal Co.

You will notice there at the bottom of the page in summary form the record since 1937:—

THE RECORD SINCE 1937

Year	Operating Profit	Net Income	Earned Per Share
1945	\$3,594,426	\$1,249,213	1.20
1944	4,077,158	575,305	.55
1943	4,773,108	1,002,386	.96
1942	4,839,792	1,021,745	.98
1941	(a)	1,166,053	1.12
1940	(a)	1,157,373	1.11
1939	3,039,194	1,332,599	1.28
1938	3,009,312	1,239,177	1.19
1937	2,976,696	1,310,829	1.56

(a) Not available.

Securities of Parent Company	Authorized	Outstanding
Prior lien bonds	\$5,500,000 (e)	—
First mortgage 3½s, 1961	4,000,000	\$4,000,000 (f)
Preferred class "A" shares, par value \$40	1,000,000 shs.	
Common class "B" shares, par value \$25..	1,460,000 shs.	1,039,083 shs.

(c) Payable \$165,000 annually, August 15, 1946-49.

(d) Payable \$150,000 annually, Oct. 1, 1945-55.

(e) Of which \$1,750,000 issued and held in the treasury.

(f) Of which \$2,250,000 will mature in equal amounts of \$225,000 from 1947 to 1956.

Mr. HOMUTH: Does that include the value of the shares? You have not the value of the shares?

The WITNESS: No, I have not.

Mr. HOMUTH: What is the value of the shares?

The WITNESS: I do not know what the shares are at now.

Mr. MAYBANK: Do you know what dividends are paid on the shares?

The WITNESS: I think we state later, Mr. Chairman, that it is only recently they have paid any dividends.

Mr. HOMUTH: Anyway, it is the book value of the shares.

The WITNESS: I may say that I have one share so that I got my first dividend on Dosco stock.

Mr. HOMUTH: We will be interested to know the book value of the shares as against the profits earned.

Mr. CASE: If Mr. Millard is a shareholder he is one of the employers in this case.

The WITNESS: I have a share so that I can get reports from the company. Then, starting with the paragraph on page 62:—

From the above it seems fair to say that the financial position of Dosco has steadily improved from year to year. In fact, Mr. Arthur Cross, Director and President of the corporation, emphasized this development in his annual address to the shareholders, April 12, 1946.

After speaking of gains in earnings per share, increased production of steel ingots, improvement in methods of ore beneficiation and blast furnace efficiency and certain other favourable factors, Mr. Cross gave a review of the financial position of the corporation. The following is a direct quotation from the report made by Mr. Cross:—

I should like to review briefly the history of the corporation since it commenced operations in 1930, its predecessor companies having been in receivership for some years. In 1934 the corporation was again on the verge of receivership due to its inability to meet the interest on the First Mortgage Bonds which were then outstanding and an arrangement was made which resulted in the issue of \$4,408,000.50 6½ per cent Income Bonds in place of the First Mortgage

Bonds. As you have been informed in the Directors' Report these Income Bonds have been paid off since the close of the fiscal year and there are now outstanding \$4,000,000.00 of 3½ per cent bonds which will result in substantial interest savings.

I will leave it, of course, to members of the committee to judge if the company is in a very bad financial position or not, being able to refund their bonds at a very substantial reduction in interest rate. I understand that these bonds were refunded without going out on the public market, refunded privately through some private firm.

At December 31, 1935, the Net Working Capital was \$4,442,827.56, while at 31st December, 1945, it is \$20,497,221.24, an improvement of \$16,054,393.68. There was a surplus of \$85,516.56 on the Consolidated Profit and Loss Account at 31st December, 1935, and at 31st December, 1945, there is a surplus of \$9,322,987.70, an improvement of \$9,237,471.14. During the same period additions to the properties and plants have totalled \$12,929,193.44. At December 31, 1935, there were Bank Loans of \$3,275,613.50. Today there are none.

That is from Mr. Cross' own statement.

Mr. Cross went on to say:

The foregoing brief financial review clearly demonstrates that your directors have throughout the years had the interest of the shareholders in mind and their actions have resulted in a substantial increase in the value of the equity of the shares of the corporation.

There is little that can be added by the union either to the above statements of the president of Dosco, or to the figures set down above and taken from annual reports of the corporation. All of the foregoing, in fact, belies the plea of poverty so often advanced by Dosco.

Attention might be drawn to one or two of the facts brought out in the above-mentioned financial data. The saving in interest indicated by Mr. Cross will amount to \$135,500 annually. The total saving in interest payments from 1944 to 1945 was \$232,590. This will mean a reduction in annual interest payments of \$368,090 from \$729,838 in 1944 to the present point of time in 1946.

Included in current assets as at December 31, 1945, is the sum of \$6,699,611 for "investments." This is not further explained. It compares with \$59,915 in the same account five years earlier.

I am not going to bother reading the balance of that page although I would like members of the committee to give particular attention to some of these references at the top of page 64.

At the recent hearings before Commissioner Roach, in Montreal, representatives of Dosco were asked if steel was sold at the same price to subsidiaries as to other steel fabricators. The answer given by C. B. Lang, a Director of Dosco, was that in some instances the company sold steel at a lower price to subsidiaries. To the extent that this is done, a true picture of the returns on the Sydney operations is not capable of being drawn.

I mentioned that because I believe that is the point which was in Mr. Homuth's question the other day when Mr. Anson was on the witness stand.

In reference to the price increase granted to steel manufacturers by Wartime Prices and Trade Board Order No. 617, dated April 1, 1946, as far as can be estimated by the union, the additional income deriving to Dosco therefrom may amount to about \$3,500,000.

However, in answer to a question from Commissioner Roach in the hearing in Montreal already referred to, Dosco representatives replied that from 47 per cent to 50 per cent of the company's production was exported and that the export price was in excess of the domestic price even allowing for the increase granted to the company on April 1, 1946.

According to company statements, much of its export market has been curtailed by action of the federal government, requiring, apparently, most of the company's production be made available for use in Canada. In that event, the price increase will probably mean additional income of \$3,500,000 for 1946, as noted above. Resumption of the export trade will place the company in a still more favourable position financially.

As well as being strategically located for the export trade, Dosco is, through the acquisition of Canadian Tube & Steel Products in Montreal, in a good competitive position geographically. This subsidiary, consolidating as it does several lesser subsidiaries on the same property, is complementary to the Sydney plant. It offers converting facilities for the raw materials produced at Sydney in the midst of the largest single market for steel products in Canada.

Finally, it should be noted that there has been a great increase in demand from abroad for Dosco's iron ore. Last year shipments of iron ore for export totalled 350,000 tons. This year (1946) the company has negotiated the sale of 750,000 tons of iron ore abroad.

And I would like to draw the attention of committee members to that statement because you have heard a great deal about the very difficult metallurgical problems, which I do not deny exist, but I do say that these same metallurgical problems are being met by competitors and by steel producers abroad where the same iron ore is being shipped and used.

Mr. SMITH: Do you mind giving us the source of that information right there?

The WITNESS: The Financial Counsel reports of Dosco.

Mr. MAYBANK: Would you be able to say what the practice has been in the years before, about the export of iron ore?

The WITNESS: All I can say in that regard is what I got in an informal way. I do not know whether my information is correct or not. I am informed that the Dominion Steel and Coal Corporation ship a great deal of iron ore abroad between the last two wars, I think principally to Germany.

Mr. MAYBANK: Between the two wars?

The WITNESS: Between the last two wars. I think the way to get that information definitely would be from the financial statements of the company over the years to see how much they actually shipped.

The union is of the opinion that the financial position of Dosco was such before April 1, 1946, that it could afford to pay the wage increases requested by the union. It is our opinion that the price increase granted to the steel employers, on April 1, 1946, leaves no room for doubt but that Dosco now can well afford to pay its employees a wage that will permit a health and decency standard of living.

Right Hon. Mr. HOWE: Do you think, Mr. Millard, they could also afford to do without the government subsidy?

The WITNESS: Well, they might be able to make some effort in that regard. I hope they could.

Now, if the members will be good enough to turn back to page 19 of the brief under the heading, Hours of Work Adjusted—the fifth section of the

brief, page 19. I am not going to read the entire text to you, but I will call your attention to the third paragraph.

The United States Bureau of Labor Statistics published a study of the effects of long hours of work in the June, 1944, issue of the *Monthly Labor Review*. The most noticeable results were: "Absenteeism increases, injuries occur more frequently, and hourly efficiency declines until the total output from long hours of work may be actually less than could be obtained under a shorter working schedule."

"In general, and over an extended period of time, workers produced less per hour of work when the schedule was raised above 40 hours per week. Hourly efficiency dropped when the schedule was extended from 40 to 50 hours, from 50 to 58 hours, from 47½ to 55½ and from 52 to 58 hours (in all cases reported)."

I want to draw the committee's attention to that particular section because it was stated before the committee, if I recall correctly, that it was not feasible or practicable to reduce hours in a steel mill.

By Mr. Merritt:

Q. Will you be giving the U.S. hours of work in the steel industry?—A. I do not think it is here; but they had the 40-hour work week in the steel industry prior to the war and they elevated that to 48 and also provided double time for the seventh day that was worked. They had the 40-hour work week before the war. It is the general practice in the United States to have the 40-hour week. Sometimes they work 48 hours but they are paid time and a half for the last shift.

I will refer you to the bottom of page 20:—

Some steel employers have argued that they cannot reduce the work week to 40 hours because they haven't a sufficient number of skilled workers. But men will not enter such hard, exhausting and, in many departments, disagreeable employment unless working conditions are improved until they are roughly uniform with conditions in other heavy industry, such as rubber, automobiles, packinghouse. Only by the acceptance of the standards for which the union is here arguing can the industry expect to attract its fair proportion of the kind of men who will become experienced and skilled steelworkers.

The Consolidated Mining and Smelting Corporation in British Columbia has recently returned to the 40-hour week. The logging industry in B.C. recently agreed to a 44-hour week for part of its operations and 6 months at 40, six months at 48 for another part. The automotive industry operates on a work week of from 40 to 44 hours, varying with locality. The packinghouse industry has a standard work week of 45 hours, a guaranteed work week of 37½ hours; the average number of hours worked is 42. In the major rubber plants, overtime usually begins after 44 hours.

For all these reason and in the interest of the national welfare, the union is requesting the 40-hour week throughout the steel industry.

I might add to that: as soon as it can be put into effect. I am not going to read any part of "Vacations with pay". That pay plan starts on page 22. That situation is pretty well started. The committee members will recall that the Steel Company of Canada has instituted one week after two years; two weeks after five years; and three weeks after twenty-five years; and the union, of course, is sticking for that same standard throughout the whole steel industry.

Turning to page 24 on the question of union security—

By Mr. Maybank:

Q. I do not know whether I quite understood what you meant, but is the plan already in force in Stelco substantially satisfactory?—A. Yes, sir. If we could get the same plan we would be satisfied, at least for the present.

Q. I thought you would want vacation with pay—a shorter period of time?—A. We look forward to the day when the general practice will be two weeks annually. Period!

Q. For everybody?—A. That is right.

Now we turn to page 24 dealing with union security.

The union shop is the most logical form of union security in the iron and steel industry, and it is the form sought by the United Steelworkers of America in contracts to be made with Algoma, Stelco and Dosco.

In the union shop it is a condition of employment that every worker in the bargaining unit must become and remain a member in good standing of the bargaining agency during the life of the contract. As a convenience for all parties, the union shop usually carries with it provision for the check-off of dues by the employer who remits them to the local union.

The union shop is sometimes confused with the closed shop, which represents a different type of union security. A worker must belong to the appropriate union before becoming eligible for employment in a closed shop. On the other hand, an applicant for employment in a union shop need not be a union member to qualify; he is required, as a condition of employment, to become a member within a specified period, usually 30 days, after being hired. Thus, in the union shop, the employer retains the exclusive and unfettered prerogative of hiring anybody; once hired, however, the worker must accept the responsibilities of union membership as well as the benefits gained for him by the union.

What has become widely known as "the Rand formula" is a third form of union security. The leading principle of the Rand formula is that all workers in the bargaining unit are required, by compulsory dues check-off, to support their bargaining agency, but membership in the union continues to be voluntary. It is an attempt to assure that all who benefit will share in the cost of obtaining such benefits, at the same time preserving their freedom of choice as to membership.

Now, I could not get a sufficient number of copies of the pamphlet from which I am going to read to supply each member of the committee with one, but I thought that the members of the committee might be interested in knowing the experience of a plant where the full Rand formula has been in operation for a substantial period of time, and I am reading now into the record from the address to the shareholders by Mr. D. B. Greig, president of the Ford Motor Company of Canada; and he has this to say regarding labour relations.

This pamphlet is dated Monday, April 29, 1946, and it is the report of the annual meeting of the Ford Motor Company of Canada held at the head office of the company in Windsor, Ontario. It reads as follows:—

LABOUR RELATIONS

With regard to our labour relations—at the present time we have many reasons to feel encouraged. Word comes from all our plants that the men seem anxious to produce. Since the strike, which began on September 12, 1945, and ended on December 19, 1945, grievances, which are to some extent a barometer of labour relations, have been at a minimum. Infractions of company rules are also at a minimum. There have been a number of changes in the union committeemen and stewards

since the end of the strike and we are favourably impressed by the approach and the attitude of the union representatives of our factory employees.

You should have some further comments on the strike as some features of the final agreement have attracted widespread attention.

I will not try to rehearse the long series of difficulties which culminated in the strike. Suffice it to say that early in December company and union accepted a proposal that an arbitrator be appointed from among the judges of the Supreme Court of Canada and agreed that his decision should be final and binding on both parties. With this agreement the men started back to work on December 20 last. On January 29, 1946, Mr. Justice Rand, who had been appointed arbitrator, rendered his decision.

The final agreement has been published. It includes these provisions: To insure union security it provides for a check-off compulsory on all employees in the unit covered by the agreement, whether or not they are members of the union. This check-off was instituted on February 1, 1946. The amount to be deducted includes regular union dues, plus any special assessment which benefits all employees in the unit covered by the agreement—whether or not they are members of the union. Special assessments which affect only union members are not included.

This is a revolutionary development and is being studied with great interest here and in the United States.

The agreement also provides that no strike may be called by the union before a vote by secret ballot shall have been taken under the supervision of an officer of the Department of Labour for Ontario, and all employees to whom the agreement applies—non-union as well as union members—have had an opportunity to vote.

The decision specifically provides that the union shall repudiate any strike or any other concerted cessation of work that has not been authorized by ballot. This repudiation must be communicated to the company within 72 hours. Violation of this provision makes the union liable to the penalty of having the check-off suspended for one to six months, dependent upon the circumstances and at the discretion of the company. The decision also provides for a penalty of \$3 per day for every day's absence on the part of any worker who participates in an unauthorized strike. The employee in such circumstances is also liable to the loss of one year's seniority for every continuous absence of a calendar week or part thereof.

At any time after the agreement has been in effect for ten months 25 per cent of the employees to whom it applies—non-union as well as union members—may obtain a secret ballot for the selection of a new bargaining agent if they wish to do so.

It is our feeling that the agreement provides the basis for a good relationship between the company and its employees, but we must not delude ourselves that the sum total of good relationships is found in a formal agreement alone. There is also the need for a sympathetic and understanding approach to all the day-by-day situations which affect us all. Most certainly it is the aim and the wish of your company to attain the goal of good relations.

That is all there is on that particular subject in the speech by Mr. Greig of the Ford Motor Company.

Pamphlet on Report of the Annual Meeting of the Ford Motor Company of Canada, Limited is filed and marked Exhibit No. 28.

The Chairman and members of the committee, in dealing with this question of union security, I read that address into the record because I want to say

now that our steelworkers union is quite prepared to accept all the responsibilities that go with the Rand formula if we can be assured of the degree of union security the Rand formula provides.

Following on to page 24:—

It is not necessary to discuss lesser or incidental forms of union security such as the "maintenance-of-membership clause," or revocable and irrevocable check-off. The history and continuing development of labour relations in Canada provide ample justification for the establishment in a basic industry of the union shop together with the irrevocable check-off.

The rapid growth of industrial organizations since 1939 has been followed by widespread, if not total, acceptance of the principle of collective bargaining, with statutory sanctions.

More recently the principal of union security has won endorsement by many leading industrialists and members of the judiciary as well as by organized labour.

There is nothing new in the principle of union security.

In Great Britain, after the repeal in 1824 of the anti-combination laws of 1799 and 1800, trade unions began to enforce their own form of security with increasing effectiveness. In many cases union men refused, and still refuse, to work with non-unionists. It is common practice by the middle of the 19th century. One employer could not even employ his own relatives unless they became members of the appropriate union.

A modern writer on the history of union security, Dr. Jerome Toner, states: "In a trade under the influence of a union in the second half of the 19th century, an employer had to choose between unionists and non-unionists. If he admitted any of the latter, the former left him in a body. That method was legally upheld in *Allen v. Flood* in 1898."

Numerous writers on the subject have emphasized that union security is a logical development of collective bargaining. However, quite apart from theoretical considerations, the feeling of organized workers almost invariably supports the thesis.

Then, on turning over to the next page:—

Unfortunately, it must be recognized that there are some individuals, always a minority, who lack any sense of responsibility. Such people are only too willing to let others shoulder the burdens even when they share the gains. In union language they are known as "hitch-hikers." We, of course, want to eliminate those from our ranks.

I have also attached, Mr. Chairman, the report of Mr. Justice Rand, being reprinted from the *Labour Gazette*.

We have spent considerable time in dealing with the question of union security and possibly I should read more than I am reading, but in the interests of saving time I will continue to page 29:—

The record is such there is every reason for concluding that hitherto recognition by Stelco has been recognition in form only, not in substance. By way of confirmation, it appears that Stelco's present policy is to yield what it is forced to yield, and no more. On that basis, the relationship becomes an almost continuous trial of strength and is not in reality collective bargaining.

The union desires to establish union-management relations in the Stelco plants on a constructive basis. This turn for the better can be made possible only by a complete change of policy on the part of the company. If Stelco were to adopt the union shop, without reservation or qualification, it would go far towards convincing union members that

a new era of co-operation and progress is about to begin. In view of past and present experience, the very least the union could accept in Stelco plants is the Rand formula.

Dosco's policy at its Canadian Tube subsidiary in Montreal also indicates the necessity for a settlement of the union security issue.

By Mr. Homuth:

Q. The issue in the Montreal plant is not the same issue as at Sydney?—

A. Yes, exactly the same, the question of union security and wage increases.

In that case the company has rejected the finding of a Board of Arbitration in favour of limited union security. Another Dosco subsidiary was involved in a serious strike at Montreal some years ago when the company refused to recognize the union.

It has already been said that union security is not a major issue in the basic steel plants of Algoma and Dosco. At Sault Ste. Marie and Sydney the overwhelming majority of workers already pay dues by way of voluntary check-off. The establishment of the union shop or the Rand formula at these plants would affect only an insignificant minority. It is desirable, however, that the same form of union security should prevail in all plants operated by the three companies; with all of whom the Union desires to establish and maintain good relations.

I draw particular attention to these paragraphs because you will recall that Mr. Anson informed the committee when he was here that there is a law in Nova Scotia which provides for the compulsory check-off on a vote of the majority of the employees, and it is rather strange that that same corporation, with its head office in Montreal, refuses to give any form of union security there in Montreal where there is no corresponding provincial law to that they have in Sydney.

I want to direct the attention of the members to Appendix (B) on page 31. This is put in here for the information of the members. It does, to some extent, explain our case as compared with the statements made by the chairman of the National War Labour Board, and if you will follow that one case alone and the submission that was made, you will find with what patience and difficulty the union has proceeded even with regard to one case that went through the regional board and to the national board twice. It is still before the national board in regard to the 5 cent differential. I am not going to burden the committee by reading that paragraph.

Before going on to some comments and statements regarding the testimony which was produced here by Mr. Donald Gordon, I would like to deal with the statement made by Mr. Justice Roach. The commissioner made an interim report published here by this committee, and there are some statements, of course, which we cannot allow to pass without making some comment about them. Just in a moment or two we will have copies of what I am about to read to the committee in regard to that matter.

STATEMENT RE PROCEEDINGS BEFORE THE COMMISSIONER IN A DISPUTE BETWEEN THE UNITED STEELWORKERS OF AMERICA AND ALGOMA, STELCO AND DOSCO

The Commissioner's Report does not discuss a number of important matters of which he may not have been aware, it states incorrectly the practice, policy and intentions of the Union on certain points, and it makes recommendations which are not, in the opinion of the labour movement, either wise or democratic.

The Union's controversy is with the employers and not with the Commissioner. However, the Commissioner in his report has drawn certain conclusions and used certain terms with respect to the Union which make it necessary for the Union's position to be clearly understood.

PRELIMINARY MEETINGS

By Mr. Blackmore:

Q. What are you reading now?—A. You have not got a copy as yet; they are to be distributed.

The first point is with regard to the preliminary meetings held by the Commissioner.

During the first week after his appointment, the Commissioner indicated that he wished to hold a joint meeting of all the parties on Saturday, June 22. Representatives of the three companies were available for consultation during the five days preceding June 22, and in fact did meet the Commissioner during that period. However, the joint meeting was postponed from June 22 to June 28, which was one of the reasons why the National Director of the Union expressed to the Deputy Minister of Labour his doubts as to the propriety of appointing a busy judge as Commissioner.

The Commissioner's task was not made easy by the employers. Stelco challenged the jurisdiction of the Commissioner and the other two companies showed a tendency to follow the leadership of Stelco.

PRECEDENTS FOR JOINT NEGOTIATIONS

It is not unusual for companies to create difficulties in the path of a Commissioner. It is not always necessary, however, for a Commissioner to yield to their objections.

In the packinghouse dispute of 1944 and again in 1945, the three major packinghouse companies declined to meet jointly with the Union. On both occasions, however, the Commissioner, Mr. Justice Richards of the Manitoba Court of Appeal, insisted, and insisted successfully, upon joint negotiations being held before him, in 1944 at Toronto and in 1945 at Winnipeg. On both occasions the meetings were lengthy but successful and a strike was averted.

Very recently, as reported in the *Vancouver News-Herald* on July 19, Chief Justice Sloan of British Columbia was appointed a Commissioner in the hardrock mines dispute. When the operators refused to enter joint negotiations, he did not yield to them, but resigned as Commissioner. It would appear that in that case, Chief Justice Sloan recognized the futility of separate negotiations and acted accordingly. It is now reported that upon the urging of the Minister of Labour, he has agreed to continue acting in a consultative capacity. His resignation made it very plain that the responsibility for the breakdown of negotiations was with the companies and not with the striking miners.

It might be added that Chief Justice Sloan effected a settlement of the coastal loggers strike by way of joint negotiations. The settlement was not effected on a local basis and the Chief Justice did not recommend one increase in one place and another somewhere else: he recommended a wage increase of 15 cents an hour "across the board" and certain other gains.

In the present instance the Union believes it is most unfortunate that the Commissioner did not follow the wise example of Chief Justice Sloan in the B.C. loggers' dispute, both as to procedure and as to the wage increase he recommended.

At the preliminary joint meeting of June 28 Stelco first, and then the other two companies, objected to joint negotiations, and the Commissioner yielded to their objections.

The Companies also objected to being handed the Union's brief, because it contained references to all three companies. The Commissioner acceded to their objections and requested the Union to mail the companies separate and revised briefs, which was done.

By Mr. Homuth:

Q. When you sent each company a brief, you sent a revised brief?

—A. We took out a different brief.

Q. There was no change in any of the particulars?—A. Yes, we took out the references to the other companies.

The Union urged that meetings be held at Toronto and continue until a conclusion could be reached. The companies objected that meetings should be held locally, that is, at Sault Ste. Marie, Hamilton and Sydney. The commissioner agreed with the companies' objections on this point also.

The union suggested that meetings proceed without delay, the companies having known all about the union's proposals for months. It was decided, however, that the companies should have at least a week to reply to the union's briefs. This meant that no meetings could be held until July 10, which was the day the commission was to expire. On June 29 the commissioner changed this plan and called a meeting at Sault Ste. Marie for July 4.

Before the meeting of June 28, during the meeting itself, and afterwards, the Union made it very clear that it wished to comply with the commissioner's requests during the life of his commission, but that it did not consider separate negotiations to be the proper procedure. Union counsel wrote the commissioner on July 1 putting on record the union's claim that there was no justification for separate negotiations under the commission, which referred to only one dispute, not three different disputes.

THE ALGOMA AGREEMENT

The commissioner in his report, page 249, with reference to the union's agreement with Algoma, states: "It is of importance that this agreement as executed contains a no-strike clause."

The commissioner has apparently overlooked the important fact that the agreement was accompanied by an exchange of letters, the purpose of which was to make clear that the agreement remained entirely open so far as wages and hours are concerned.

I may say that I have filed with the committee a copy of the letter which we received from the company or gave to the company; I am not sure which.

During the discussions regarding these letters between April 15 and April 23, it was made clear by union representatives to the company that the union was taking a strike vote at that very time and reserved its right to strike on matters which remained open. Algoma's counsel, who is also a director, admitted that this was understood, but declined to write it into the agreement solely on the ground that the company did not wish to appear to be publicly approving or endorsing a strike. Thus the union reserved its right to strike on wages and hours at Algoma. If company counsel had not admitted that this was understood by the company, the union would not have signed the agreement.

ALGOMA'S OFFERS

In describing the meeting at Sault Ste. Marie on July 5, the commissioner states, at page 253: "I finally persuaded the company to make an offer as an evidence of its good faith." He then deals with Algoma's 8-cent offer.

Actually, Algoma's first "offer" on July 5 was 6½ cents. When the union negotiators declined to take this "offer" seriously, the company that evening raised it to 8 cents, on condition that it be accepted by noon the next day—

an obvious attempt to make trouble between the Algoma local union and the other local unions at Hamilton and Sydney.

The union believes that Algoma's 8-cent offer was not really its "final offer", and that another and better offer might have been made if the 8-cent proposal had not received so much open support and encouragement from the commissioner.

It is significant that on the morning of July 6, while the commissioner was urging the union negotiators at Sault Ste. Marie to accept 8 cents, the National Director was in Ottawa at the request of the Deputy Minister of Labour, conferring with the Deputy and the Minister, and discussing with them, settlement at a figure considerably higher than 8 cents. The union's negotiators would have been foolish indeed to recommend acceptance of 8 cents when, as they well knew, much higher figures were being discussed at Ottawa.

OVERTIME INTENTIONS

At page 254 in the commissioner's report the following statement appears: "The union has no intention that the minimum weekly earnings would be increased only by 40 x 19½, viz. \$7.80."

This statement and the conclusions drawn from it are entirely unfounded, and state the exact opposite of union policy.

The union's objective is the 40-hour week, which is already in effect in certain other industries. Employers make the same arguments against the 40-hour week today that they formerly made against the 48-hour week prior to 1943 when the 56-hour week, seven days a week, was general in the industry. The only way to assure a reduction in hours is to provide a penalty for overtime.

The union has repeatedly made it plain that in order to facilitate the companies in the change-over to a shorter work-week, the union is willing to compromise, to accept a 44-hour week in principle for the time being and to postpone overtime penalties for some months. These proposals would give the employers time to adjust their schedules and hire more men without paying any overtime penalties whatever. They afford proof positive that the union's policy is not to get the pay envelope padded with overtime, but to get hours reduced and provide more employment in an orderly way as more manpower becomes available. *The union is attempting to establish wage standards which will be adequate without long hours and without overtime pay.*

Contrary to the statements which have been loosely made that manpower is not available, the Hamilton Works Manager of Stelco, Mr. Gillies, informed the union during negotiations that many men in Hamilton are available but do not take jobs in the steel plant. The explanation of course is that they are seeking jobs in other plants where working conditions are more attractive. Moreover, the argument that Stelco average wages are higher than the Hamilton average is misleading and unsound. The Hamilton average is low because its textile plants employ large numbers of women at very low rates. A steel plant employs very few women. More men would enter the steel industry at once if wage rates were adequate, working conditions more attractive and prospects brighter.

STELCO CERTIFICATION

It is correct, as stated at page 254 of the commissioner's report, that Local 1005 of the United Steelworkers was certified by the Ontario Labour Court in 1944. It might have been added that the certification followed many years of unremitting anti-union activity on the part of the company, including the sponsorship of a company union.

It is not correct, however, as may have been inferred from certain statements by the commissioner in reply to questions, that there has been any certification

for hourly-paid workers at Sault Ste. Marie and Sydney. Certification is optional, and it has never been sought in these cases because, for some years, the union has been the recognized bargaining agency and the companies have consistently dealt with local union executives and with both the national and international officers of the union.

By Mr. Croll:

Q. Did you not say that the check-off authority automatically applied in Nova Scotia?—A. No, the check-off in Nova Scotia is a provincial statute, and if the majority of the employees in the union or in the plant vote in favour of it, it is compulsory on the employer. Certification is still voluntary.

At page 255 of his Report the Commissioner states: "...over the past many months there has been a campaign by the union against the company, particularly over the radio. The transcript of those radio programs was shown me by the representatives of Stelco, and it is not surprising in view of the vilification of the company indulged in by spokesmen for the union, that Stelco had determined that, except to the extent required by law, it would have no part or parcel of this union."

Stelco's determination to have no part or parcel of the union is not a new policy and cannot be justified or excused by criticizing recent union broadcasts. The policy has been followed for many years, and Stelco has never recognized or dealt with the union steelworkers in any plant at any time unless and until compelled to do so by law.

IMPORTANT OMISSIONS

At page 256 the Commissioner sets out at some length Stelco figures which are supposed to indicate increases in wage costs per ton. The Commissioner, however, omits figures supplied by Algoma with reference to the same subject which lead to a different conclusion, indicating decreased labour costs per ton from 1939 to 1945.

The Commissioner's Report also discusses at some length other alleged increases in production costs, but ignores the profit record of Algoma and Stelco in recent years.

At page 257 the Report also mentions the subsidies received by Dosco and Dominion Shipping Company in 1945. These figures are of course relevant, but it is also relevant that Dosco admits for the same year, prior to the price increases, net income of \$1,249,213 or \$1.20 per share, and that a dividend on the common shares was paid recently. These facts, of which there is no mention in the Commissioner's Report, flatly contradict the widely publicized but mythical claims of the company that it is "losing millions."

Mr. MAYBANK: Mr. Chairman, the page numbers used by this witness are the page numbers in the commissioner's report, but these page numbers will not be the same in the printed record. I wonder if it would be possible for the clerical staff, in printing what Mr. Millard has read, could change these figures so they would bear the page of the printed record rather than have Mr. Millard's testimony refer to a document which has now been printed. The reference would not be clear.

The CHAIRMAN: The clerk of the committee is taking note of that, Mr. Maybank.

NO OFFER BY DOSCO

Stelco having raised its offer from 5½ cents to 10 cents, union negotiators met the Commissioner and Dosco at Montreal on July 11 and 12, only to learn that Dosco was still not willing to make any offer at all.

The Union's National Advisory Committee, meeting at Hamilton on July 11 and 12 therefore had the following "proposals" before it:—

- (1) Algoma, after over two months of negotiations, had offered 6½ cents, then 8 cents, subject to acceptance within 18 hours.
- (2) Stelco, after over six months of negotiations, had offered 5½ cents, then 10 cents.
- (3) Dosco, after seven weeks of negotiations, had made no offer at all, although the Commissioner, on his own responsibility (as he now states) proposed 10 cents an hour and the Rand formula "across the board" provided that the Rand formula be instituted immediately and a vote taken on the so-called offers.

The union does not consider that any of these proposals were really "final offers" or that they could not have been improved upon. The union's reasons for that view are as follows:—

- (1) The only major wage settlement in Canada since the steel price increases on April 1 were in the B.C. coastal and interior lumber industry, which Mr. Donald Gordon now states is a basic industry. There the settlement involved increases of from 15 cents to 25 cents an hour; involved some 37,000 men; were added to a base rate on the coast of 67 cents; they were arranged by a Federal Commissioner, the Chief Justice of British Columbia; they were expressly approved on at least two occasions by the Minister of Labour; they have been approved at the request of the employers by the War Labour Board; that is by the Regional Board in B.C.; they were applied on an industry-wide basis; they involved companies which are financially no better able to pay than the steel companies.
- (2) Some months prior to July 12 the Deputy Minister of Labour had suggested to the National Director a settlement of the steel case at 10 cents, since which time the steel price increase and a sharp rise of four points or more in the cost-of-living index, as well as the Sloan settlements, had changed the whole picture.

I would like just to stop there because members of the committee will recall that Mr. MacNamara in his testimony yesterday said to the members of the committee that discussion had taken place and that certain proposals had been made; and I understood him to say that he felt that they had been acceptable at that time. I believe in all fairness I should state that there were certain reservations expressed by myself on the occasion of these discussions.

- (3) Even while the commissioner was urging the union to accept Algoma's so-called final offer of 8 cents, Stelco's so-called final offer of 10 cents, and a hypothetical or fictitious proposition with respect to Dosco, the Department of Labour continued to convey to the National Director suggestions for settlement at levels well above 10 cents, but without giving any guarantees that they could be implemented.

By Mr. Smith:

Q. You are not going to leave it at that, are you? I think there is something in that which should be explained; that the Department of Labour continue to convey to the national directors suggestions for settlement levels well above ten cents, but without giving any guarantee that they could be implemented.—A. Well, I stated in my opening testimony, Mr. Smith, that there had been some what I considered confidential conversations.

Q. I am sorry. I am not going to ask to break any confidence.—A. I only reported these things to the National Advisory Committee of the union. I mean, those are the only ones with whom I discussed what has taken place.

Q. I will not ask you to break a confidence.—A. I can say this; I think it was pretty generally understood that labour department officials felt that a settlement might be achieved at 10 cents plus overtime provisions which they reckoned to be approximately 3 cents an hour on top of 10 cents.

- (4) It appeared to the Union's negotiators, who were not inexperienced, that discussions might have continued further, and more offers and counter-proposals might have been discussed, if the Commissioner had not given such strong support to the second offers made by Algoma and Stelco, and openly accused the union negotiators in the presence of management of being "undemocratic".
- (5) It also appeared to the union's committee that the Minister's announcement in the House of Commons on July 10, during which he read a telegram specifying the 10-cent pattern, simply had the effect of closing the door to further negotiations and encouraging Stelco and Algoma not to make a third and better offer.
- (6) The committee's judgment was confirmed by the membership of the three locals, all of which held meetings during the week preceding July 12 and sent the committee messages expressing their dissatisfaction with progress to that time.

THE SO-CALLED "FINAL OFFERS"

On behalf of the union it is respectfully submitted that 8 cents at Algoma, 10 cents at Stelco, and no offer at all from Dosco, could not be regarded as "final offers," particularly in view of the price increase and the proposals emanating from government sources.

Our judgment in this matter has been fully justified in that the Deputy Controller, on the eve of the strike, proposed to the local committee at Sydney a 10 cent wage increase retroactive to April 1, and the removal of the 5 cent differential, retroactive to January 1.

Now, Mr. Chairman, I want to withdraw the latter part of that sentence; "the 44 hour week from November 1, 1946, and the Rand formula"; because I have been informed since this was drafted that that was not offered by the deputy controller. Would the members please be good enough to stroke that out of their copies.

Then the Minister of Labour for Nova Scotia proposed that the 5-cent differential be removed retroactive to November 1, 1945. It appears that practically everybody was making "offers"; everybody, that is, except the Dosco management.

Mr. SMITH: The union haven't made any yet.

The WITNESS: We will be on deck pretty soon.

Mr. SMITH: Oh!

The CHAIRMAN: I hope so.

The WITNESS: The union's judgment has also been confirmed by the commissioner himself, who now states that the proposal he made at Montreal during the Dosco meeting was made on his own responsibility and that he had no assurance it would be acceptable to the company. The union is entirely unable to follow the commissioner's argument that this hypothetical or fictitious proposition ought to be put to a vote of the employees at Sydney. What can be the purpose of asking people to vote on a plan if there is no assurance that the company will agree to it?

The Union is unable to understand the commissioner's claim that it is obvious when a "final offer" has been made. The experience of our negotiators is that it is extremely difficult for anybody to assess the point at which the "final offer" has been reached.

The commissioner, in answering questions, cited a case which aptly contradicts his own claim, that of the International Nickel Company. In that case a Joint Negotiating Committee acted for both the Local Union at Port Colborne and the Local Union at Sudbury. Negotiations broke down, but the negotiators advised the locals that in their opinion the "final offer" had not yet been made. The membership at Port Colborne rejected the advice of the negotiators and instructed their officers to sign the proposed agreement with the International Nickel Company immediately, which was done. The Sudbury local, represented by the same negotiators, proceeded further before a board of conciliation as a result of which the same company made another offer, two cents higher, and conceded a variation of the Rand formula as well. Thus the negotiators were proven to have been right in thinking that the "final offer" accepted at Port Colborne was not really final at all. The Sudbury settlement has now been extended to Port Colborne.

It is submitted that union negotiators, particularly if they have had much experience, are better qualified to know when the "final offer" has been reached than any conciliation officer, whose chief concern naturally is to conclude a settlement and report success.

It should be added that steelworkers' negotiators with the three companies have included men working in the plants, men who have had daily and hourly contact with their fellow-workers at work. One of these men, the President of the Sydney local, clearly informed the commissioner at Montreal that his hypothetical offer, if put to a vote at Sydney, would create a "furore".

The commissioner admitted under questioning that it would not have been reasonable to vote on the company's original offer of 5½ cents. Yet he insists that Dosco employees ought to vote on a hypothetical or fictitious offer which has not been made by the company and which he has no assurance will be accepted by the company.

WHEN A VOTE?

If employees are not to vote on any and every offer made by an employer then when are they to vote, and by whose decision? Apparently the commissioner thinks a vote should be taken when he so decrees.

The union takes the position that it is for the union to decide when a vote is to be taken, in accordance with the provisions of its own constitution and its own democratic procedures. The commissioner is no more entitled to order or require a vote to be taken among the employees than he is entitled to order or require a vote to be taken by government officials among the shareholders of the company as to some offer made by the union.

UNUSUAL EXPRESSIONS

The proceedings conducted by the commissioner between June 11 and July 12 having failed, the commissioner's "Interim Report" states "Present Conclusions" and a "Recommendation". In doing so the commissioner ventures into the field of political theory and makes use of political terminology which call for a reply. Some of the expressions used by the commissioner frequently appear in political controversy, but it is most unusual for them to be found in a report by a public servant. It is also unusual for such sweeping conclusions to be drawn after so little enquiry into the facts.

There are many facts not discussed or even mentioned in the commissioner's Report which make his conclusions invalid.

For example, at page 252 of the Report it is said of the Algoma meeting: "The negotiations then almost broke down by reason of a disclosure that the locals at all three companies had, in effect, delegated all their powers to the International Officers and Directors of United Steel Workers of America."

This statement, which does not even spell the union's name correctly, reveals a curious misunderstanding of union procedure and gives a misleading impression of what had occurred.

There was no startling "disclosure" at the Algoma meeting.

The union's policy conference at Quebec City in 1944 had adopted a program, which was widely publicized, through the press and otherwise.

The Union's Conference at Hamilton on February 2 had set up a National Advisory Committee, which was also widely publicized.

The union took strike votes in April and May, which again were widely publicized, and made public the results, which appeared in the press.

Of all these developments the companies must have been well aware, for they have frequently been discussed in recent months.

Both the companies and the local unions are also well aware of the procedure consistently followed by the union. When a settlement is reached which can be recommended by the negotiators, it is put to a vote of the membership and the settlement will then be concluded if the members vote in favour of it. The officers do not have the power, in any practical sense, to conclude a settlement on their own responsibility. In the face of this well-known procedure the commissioner alleges that the locals, "had, in effect, delegated *all* their powers . . ." which is, of course, not correct.

REPORTS TO MEMBERS

At page 253 of the report there appears another statement which gives a misleading impression of union procedures. It is said of company proposals: "The proposal would never reach the members of the local unless through some medium other than the union."

As it is statements of this kind which are often used to build mythology about the practices of unions and their leaders, it might be well to explain what did happen in the present dispute.

All the proposals of the companies, of the government, and of the commissioner have been promptly and fully reported to the members of the locals. Local union members do not meet once a year; at Sault Ste Marie they meet at least once a month, at Hamilton the same, and at Sydney once a week. These meetings do not merely hear formal reports; they hear full reports and there is often very lively debate.

At Sault Ste Marie a meeting on July 4 attended by at least 2,000 members heard full reports on negotiations up to that date, including a report on the ten cent pattern sponsored by the government in rubber and other industries. The meeting passed the following resolution:—

That this local goes on record as reiterating its determination to press for a just and equitable settlement of our wage and hour demands and also goes on record as refusing to consider any proposal unless recommended by the National Advisory Committee.

Again at the Sault on July 14 a meeting attended (according to the *Toronto Globe and Mail*) by 3,500 men, heard further reports and endorsed strike action.

At Hamilton on July 10 a regular members' meeting heard similar reports and endorsed the work of the Advisory Committee. A special meeting on July 14, after the strike notice had been given, was attended by at least 2,500 men, and decided unanimously to commence picketing that day. This meeting also heard a lengthy report of all proposals made up to that date.

The regular members' meeting at Sydney on July 9 also heard reports and its Executive did not hesitate to express their views in very frequent

communications to the Advisory Committee at Hamilton, and to its representatives on that committee.

The plain fact is that the democratic machinery of the union provided every possible facility for the reporting back of "offers" and for the transmission of members' views to their representatives on the Advisory Committee and the negotiating committees.

All the offers which have ever been made, officially or unofficially, were communicated to the members and there has never been the slightest indication that they disagreed with the course taken by their representatives. If there were any such indication, the union officers would be keenly interested and responsive, because they are elected officers, and elections take place every two years.

For the information of members of the committee, that takes place this December, so far as I am concerned.

The suggestion has been made that offers ought to be put to a vote when the commissioner so requests. If the union's negotiators were to agree to a vote on some proposition they could not recommend, they know only too well what the reaction of the members would be. It would be much the same as if members of parliament were to submit every piece of major legislation to a plebiscite instead of taking the responsibility for passing it. In a word, the union members would say to their leaders: "What did we elect you fellows for? And what did we take that strike ballot for? Get on with your job."

DEMOCRACY

In his conclusions the commissioner advances the novel theory that it is undemocratic for a group of people, by election and by secret ballot, to vest in their representatives the power to take a certain course of action.

The union, in common with the whole labour movement, flatly rejects the theory, and points out that the principle of representation and the principle of responsibility have always been inherent in Canadian democracy.

It might be added that the same accusations of "oligarchy" and "dictatorship" as appear in the report, were used against the union negotiators in the presence of employers by the commissioner during negotiations. Such language has no place in the processes of conciliation.

In his recommendation, the commissioner proposes a secret ballot without making it clear what the ballot would be about. At Sydney it would presumably be a ballot on the offer which the company has not made or agreed to. The commissioner further recommends that during 60 days preceding the vote employees should not be subjected to any "propaganda campaigning or electioneering".

The use of these epithets should not be permitted to obscure the real meaning of the proposal.

The real meaning is that during the 60 day period neither the union negotiators, nor the executive, nor anybody else would be permitted to express to the membership their opinion or advice on the issues; the International Union newspaper, which goes to every member, to their homes, would not be permitted to comment; the local could not hold a meeting to discuss the issue before its members.

In other words, for a period of 60 days preceding a vote:—

- (1) freedom of speech would be suspended
- (2) freedom of the press would be suspended
- (3) freedom of assembly would be suspended.

The Commissioner concludes: "That, at least, is democracy."

To use the mildest possible language under the circumstances, the union is entirely unable to understand, let alone accept, the commissioner's concept of democracy.

REPLY TO CERTAIN POINTS RAISED BY Mr. DONALD GORDON, CHAIRMAN, W.P.T.B.

Mr. Gordon laid great emphasis upon what he considered to be the fact that any wage increases granted to Steelworkers would set a pattern for other industries. This is only partly true. In the first instance, assuming Mr. Gordon to be right, it would only be applicable to organized labour, some one-third or less than the total gainfully employed in Canada's eight leading industries.

The main fault in Mr. Gordon's thesis is that there is no uniformity in the wage rates throughout all industries. Some leading industries pay much higher wages than steel, some much lower. The base rate in coal mining is 73, in International Nickel, 75; in the British Columbia logging industry, 82; in the Ford Motor Company at Windsor, 91 (and the company recently agreed to an additional 9 cents). On the other hand, in the boot and shoe industry, May 1, 1946, average hourly earnings were only 51·5 cents; in textiles, 53·2; in furniture, 61·5; in non-metallic mining (except coal), 66·2. Clearly, the base rates in these industries must be far below steel.

By Mr. Robinette:

Q. Are those minimum base rates?—A. Those are average rates. We say that clearly the base must be below that again.

Mr. BLACKMORE: I do not wish to interrupt, but there seems to be a little conversation going on between the witness and Mr. Robinette which is not clear.

Mr. ROBINETTE: I asked the witness if he meant by base rate the minimum rate and he said he meant the average rate.

The WITNESS: Those were average rates I was quoting in any other industry as compared to the base minimum rate in the first group of industries which I quote.

Mr. BLACKMORE: What confused me was that in the third line of the second paragraph it says "the base rate in coal mining..."

The WITNESS: That is the labour rate, the rate from which rates are determined; the base rate, the bottom minimum rate of labour, unskilled labour.

Mr. BLACKMORE: That does not mean the same as basic?

The WITNESS: No. The bottom rate from which it starts.

Therefore, a wage increase which would be fair and reasonable for steel would not necessarily be fair and reasonable for all other industries. Some might need a much larger increase; some might get along with smaller.

The results of a 10 cent wage increase are most unlikely to be anything like uniform for all industries.

In the first place, the importance of labour costs varies enormously from industry to industry. The Canada Year Book, 1945, shows that in 1943 wages as a proportion of total net value of product in manufacturing varied from 15·7 per cent in breweries to 75·4 per cent in railway rolling stock. It follows that an increase in labour costs may mean a great deal to one industry and very little to another.

In the second place, the profit position of various industries varies considerably. One industry might be able to pay a 20 cent increase without increasing prices; another might not be able to pay any increase without increasing prices.

Mr. Gordon strongly emphasized that he felt it to be the duty of the W.P.T.B. to effect the establishment of certain price levels that would protect the profit margin of the manufacturers.

What the W.P.T.B. did, according to Mr. Gordon, was to work out the effect of a large number of wage increases and then leave it to the steel companies to decide as to what they considered a reasonable profit base. Such a procedure

on the part of the W.P.T.B. is unjustified. Workers must go to a public body and attempt to show that they need wage increases while manufacturers are permitted to go privately to the W.P.T.B. and make some favourable price arrangement with that body.

Proceedings of this type are not in the national interest. That, of course, is in our opinion. If labour is to prepare a wage policy that will prove sound then it will have to know more about the financial position of industry than is made known by industry. This is important.

That this is not done in the steel industry is a well-known fact. Without knowledge of this sort, we can only continue our present methods of gaining wage advances. So long as the people of Canada are content to allow companies to act in the manner they always have, so long will our economy be in jeopardy of recurring disruptions.

Our union as long ago as March, 1945, attempted to sit down with management and representatives of the federal government to discuss our post-war programme. We were, and have been, denied that opportunity. Yet management, as already stated, could, and did, go to a governmental agency and obtain price concessions allowing them the profit margin they desired. We were told to get what we could.

It was impossible for us to follow any other course than what we did in the light of this attitude of the government.

It may, or it may not, be that 10 cents per hour is the limit that the steel manufacturers can afford to raise wages at the present price level. We do not believe so. In any case, had we been able to have first-hand information, had the companies co-operated and had the W.P.T.B. invited representations from our Union as well as from the companies, the necessity for economic action would in all probability never have occurred.

This lack of co-ordination between the union and the W.P.T.B. is in contrast to the co-ordination between the agency and the steel manufacturers. If the position of the steel industry is of such national urgency now, then it was equally urgent many months ago. To emphasize the importance of the dispute at this juncture of affairs while treating the union in such an offhand manner previously, either does not indicate good judgment in the first instance or an undue emphasis upon its importance now.

Mr. Gordon stated that what labour wanted most was high employment. But he apparently felt there was only one way to reach this goal, and that was by permitting companies to choose their own profit level.

There are other factors more important to be considered. In expressing fear of wage increases in excess of a certain figure Mr. Gordon did not take cognizance of the effect that high wages have upon productivity. Higher wages mean increased purchasing power and increased purchasing power means increased effective demand. This in turn calls for the increased production.

Another part of this pattern that has developed in Canada is that the cost of living has risen rapidly in the past few months. When the price controls were removed from a long list of articles this year, the result has been that the cost-of-living index has increased rapidly to 123.6 at June 1. Forecasts put the next figure around 125.5. In other words, the pay envelopes of the workers purchase less than before. For the W.P.T.B. to say on the one hand that production is required to defeat inflation, and on the other that wage increases may cause inflation, shows a certain amount of confusion.

Production can only be brought about by demand, and demand is not effective unless purchasing power exists. A rapid increase in the cost-of-living index without a corresponding increase in wages, will not permit prospective buyers actually to buy the goods they desire.

Increased production would offset inflationary tendencies, but decreased production due to lack of purchasing power (or some other reason) will have a deflationary tendency.

It has been advanced by Stelco that its profit level was now desperately low in relation to its volume of business. This stand is apparently supported by Mr. Gordon. The financial data in our brief, obtained from annual reports of the company does not bear out this contention. In fact, we have no reason to believe that Stelco has been "squeezed" anywhere near the limit. Certainly there is no threat of financial distress, as I stated previously.

Mr. Gordon states that wage increases up to 40 per cent since 1939 have placed an almost unendurable pressure on price controls. Yet 1939 was a depression year, and it has already been brought out by this committee that wages were not at a level in 1939 that would allow that year to be used as a proper base. The sort of philosophy that claims that workers cannot justifiably demand wage rates far in advance of those paid during depression years is defeatist and does not make for a prosperous nation. Without a prosperous working class there is no real prosperity and the seeds of depression are always there ready to begin their growth. Controlled prices with a proper wage level could go far to bring about and maintain full employment and a prosperous economy.

Mr. CASE: There is a spot that Mr. Millard might have to comment on. I think Mr. Gordon referred to 1941 as the price level.

The WITNESS: In this respect some note should be taken of the deflationary aspects of the decreases in total payrolls in Canada since 1944. The decrease in payrolls in the eight leading groups of industries (manufacturing, logging, mining, communications, transportation, construction and maintenance, and trade) for the year June, 1945, to May, 1946, compared with the same period of 1944-45 was about \$160,495,000 or 5.2 per cent. (Note—This is arrived at by taking the D.B.S. figures of weekly payrolls and multiplying by $4\frac{1}{3}$ to get monthly figures). This decrease in payrolls has accelerated over the past nine months. The decrease in that period as compared with a like period in the previous year, has been \$148,361,000 or 6.4 per cent. That is at an annual rate of \$198 million. Such a drop cannot but have a serious deflationary effect.

It would be of interest to know whether or not the W.P.T.B. took into consideration the fact that there already had been reduction in corporation taxes, or that more such reductions were shortly to be effected.

Most certainly this would have a bearing on ability to pay increased wages. Increasing wages in turn would reduce the amount of taxes to be paid. The net effect of reducing taxes and increasing wages would probably be that the companies were in as good, if not better, position to meet dividend, interest and depreciation payments.

In conclusion, the W.P.T.B. has not held the price line. Price increases have been granted to steel manufacturers even before their profit position was threatened. Price ceilings have been removed on a large number of commodities and the cost-of-living index has rapidly advanced. No co-ordination of wage policies with price policies was made. The union was kept in the dark while the W.P.T.B. co-operated with the steel companies in establishing new price ranges.

If the W.P.T.B. is now so sure that our wage policies will prove calamitous to price control, as Mr. Gordon claims, then it is strange that we were not brought into the picture months ago when the steel price was being set. If labour were taken into the confidence of governmental agencies in the same manner as employers, and if unions were fully recognized, dislocations to our economy could be avoided.

July 30, 1946.

(Brief in reply to Mr. Gordon marked Exhibit 30.)

I may say, Mr. Chairman, I have another document which might be considered by some of the members as rather important, but it is not quite completed; the mechanical work is not quite done, and I shall have to get the document before I can make it available to you.

The CHAIRMAN: Shall we adjourn until 11.30 tomorrow morning?

The committee adjourned to meet again on Thursday, August 1, at 11.30 o'clock a.m.

APPENDIX

Exhibit No. 24—Dominion Steel and Coal Corporation Limited and Subsidiary Companies. Financial Statements, Years 1939 to 1945 inclusive.

STANDING COMMITTEE

DOMINION STEEL AND COAL CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1945

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel and Coal Company Limited and Dominion Coal Company Limited and their respective Subsidiaries)

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$32,492,382 33	
Net additions since.....	14,839,370 45	
	<hr/>	
Less: Reserve for Depreciation.....	\$47,331,752 78	
	23,794,116 42	
	<hr/>	
Investments in Stocks and Securities of Subsidiary and Associated Companies not consolidated.....		\$23,537,636 36
		9,207,047 28
Cash in hands of Trustees for Bondholders.....		126,178 68
Insurance Recoveries <i>re</i> Property lost by Enemy Action.....		1,518,638 09
Employees' Victory Loan Subscriptions Receivable: Secured by Dominion of Canada Bonds, which in turn have been pledged with the Bank as security for Special Loans.....		1,771,454 05
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$10,282,480 89	
Trade Accounts and Bills Receivable, less Reserve.....	4,611,666 13	
Other Accounts Receivable, less Reserve.....	704,693 91	
Investments— Dominion of Canada Bonds (Market Value \$6,741,665.00).....	\$ 6,640,900 00	
Others.....	58,711 11	
	<hr/>	
Cash on hand and in banks.....	6,699,611 11	
	2,823,593 77	
	<hr/>	
Less: Insurance Recoveries <i>re</i> Property lost by Enemy Action, shown above.....	\$25,122,045 81	
	1,518,638 09	
	<hr/>	
		23,603,407 72
Balance Receivable from Nova Scotia Steel and Coal Company Limited and its Subsidiary Companies.....		68,244 57
Deferred Charges: Insurance Premiums and Other Charges paid in advance.....	\$ 280,353 73	
Discount and Expenses on Bonds of Subsidiary Companies.....	26,587 50	
	<hr/>	
		306,941 23
		<hr/>
		\$60,139,847 98
		<hr/>

APPROVED ON BEHALF OF THE BOARD:

..... Director

..... Director

DOMINION STEEL AND COAL CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1945

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel and Coal Company Limited and Dominion Coal Company Limited and their respective Subsidiaries)

LIABILITIES

Funded Debt:

Dominion Steel and Coal Corporation Limited—

Prior Lien Bonds—

Authorized..... \$ 3,500,000 00

Issued and held in Treasury..... \$ 1,750,000 00

6½% Cumulative Participating Registered Income Bonds (\$4,500,000.00 closed)
due 1955.....

\$ 4,408,000 00

Redeemed on March 1, 1946 from proceeds of new issue.

Wholly Owned Subsidiaries—

Halifax Shipyards Limited—

4% First Mortgage Serial Bonds—payable \$165,000.00 annually August 15,
1946-1949..... 660,000 00

The Canadian Bridge Company Limited—

First Mortgage Serial Bonds—payable \$150,000.00 annually October 1, 1946
to October 1, 1955 at progressive rates of interest from 2% to 3%..... 1,500,000 00

\$ 6,568,000 00

Deferred Payments on Properties..... 1,790,857 05

Reserve for Replacement of Property lost by Enemy Action..... 1,518,638 09

Special Bank Loans for Purchase of Victory Bonds for Employees, per contra..... 1,771,454 05

Accounts Payable and Accrued Liabilities, including Provision for Taxes \$ 2,334,337 17

Wages Payable..... 667,205 24

Bond Interest Accrued..... 111,483 33

3,113,025 74

Balances Payable to Dominion Coal Company Limited and its Subsidiary Companies.. 341,759 04

Operating and Contingent Reserves..... 3,192,021 97

Capital Stock and Surplus:

Authorized—

1,000,000 Preferred Class "A" Shares..... \$40,000,000 00

1,460,000 Common Class "B" Shares..... \$36,500,000 00

Issued—

1,039,083 Common Class "B" Shares..... \$25,977,075 00

Capital Surplus..... 6,543,729 34

Surplus from Operations..... 9,322,987 70

41,843,792 04

\$60,139,547 98

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS DATED MARCH 11, 1946.

PRICE, WATERHOUSE & CO.,

Auditors.

STANDING COMMITTEE

DOMINION STEEL AND COAL CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1944

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel & Coal Company Limited and Dominion Coal Company Limited and their respective Subsidiaries)

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$32,492,382 33	
Net additions since.....	14,640,821 71	
	<u>\$47,133,204 04</u>	
Less: Reserve for Depreciation.....	22,138,901 71	
Investments in Stocks and Securities of Subsidiary and Associated Companies not consolidated.....		\$24,994,302 33
Cash in hands of Trustees for Bondholders.....		9,192,577 28
Insurance Recoveries <i>re</i> Property lost by Enemy Action.....		195,658 11
Employees' Victory Loan Subscriptions Receivable: Secured by Dominion of Canada Bonds, which in turn have been pledged with the Bank as security for Special Loans..		1,509,505 04
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....		1,347,250 33
Trade Accounts and Bills Receivable, less Reserve.....	\$11,763,462 46	
Other Accounts Receivable, less Reserve.....	7,169,946 02	
Investments.....	3,902,533 88	
Cash on hand and in banks.....	2,108,182 49	
	<u>2,227,486 76</u>	
	\$27,171,611 61	
Less: Insurance Recoveries <i>re</i> Property lost by Enemy Action, shown above.....	1,509,505 04	
Balance Receivable from Nova Scotia Steel & Coal Company Limited and Subsidiary Companies.....		25,662,106 57
Deferred Charges:		
Insurance Premiums and other charges paid in advance.....	\$ 314,414 22	
Discount and Expenses on Bonds of Subsidiary Companies.....	15,262 50	
	<u>329,676 72</u>	
		<u>\$63,742,945 31</u>

DOMINION STEEL AND COAL CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1944

This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel & Coal Company Limited and Dominion Coal Company Limited and their respective Subsidiaries)

LIABILITIES

Indebted Debt:

Dominion Steel and Coal Corporation Limited—

Prior Lien Bonds—

Authorized..... \$ 3,500,000 00

Issued and held in Treasury..... \$ 1,750,000 00

6½% Cumulative Participating Registered Income Bonds (\$4,500,000.00) closed due 1955..... \$ 4,408,000 00

Wholly Owned Subsidiaries—

Halifax Shipyards Limited—

4% First Mortgage Serial Bonds—Payable \$165,000.00 annually August 15, 1945–1949..... 825,000 00

The Canadian Bridge Company Limited—

First Mortgage Bonds due 1952..... \$ 1,250,000 00

Fifteen Year Debentures..... 750,000 00

\$ 2,000,000 00

Less: Redeemed through Sinking Fund..... 217,000 00

1,763,000 00

\$ 7,016,000 00

Deferred Payments on Properties..... 1,935,191 14

Reserve for Replacement of Property lost by Enemy Action..... 1,509,505 04

Special Bank Loan for Purchases of Victory Bonds for Employees..... 1,347,250 33

Bank Loans—secured..... \$ 3,600,000 00

Accounts Payable and Accrued Liabilities, including Provision for Taxes..... 2,749,829 88

Wages Payable..... 519,497 06

Interest Accrued..... 128,248 33

6,997,575 27

Balance payable to Dominion Coal Company Limited and Subsidiary Companies..... 468,672 31

Operating and Contingent Reserves..... 3,874,172 37

Capital Stock and Surplus:

Authorized—

1,000,000 Preferred Class "A" Shares..... \$40,000,000 00

1,460,000 Common Class "B" Shares..... \$36,500,000 00

Issued—

1,039,083 Common Class "B" Shares..... \$25,977,075 00

Capital Surplus..... 6,543,729 34

Surplus from Operations..... 8,073,774 51

40,594,578 85

\$63,742,945 31

SUBMITTED WITH OUR REPORT DATED MARCH 27, 1945.

PRICE, WATERHOUSE & CO.

Auditors.

STANDING COMMITTEE

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1943

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel & Coal Company Limited and Dominion Coal Company Limited and their respective Subsidiaries)

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$32,492,382 33	
Net additions since.....	17,177,522 73	
	<u>\$49,669,905 06</u>	
Less: Reserve for Depreciation.....	21,181,758 36	
Investment in Stocks and Securities of Subsidiary and Associated Companies not consolidated.....		\$28,488,146 70
Cash in hands of Trustees for Bondholders.....		9,188,632 61
Insurance Recoveries <i>re</i> Property lost by Enemy Action.....		247,958 31
Employees Victory Loan Subscriptions Receivable: Secured by Dominion of Canada Bonds, which in turn have been pledged with the Bank as security for Special Loans.....		1,509,555 04
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$14,743,898 37	
Trade Accounts and Bills Receivable, less Reserve.....	7,904,967 65	
Other Account Receivable, less Reserve.....	4,872,322 79	
Investments.....	832,359 78	
Cash on hand and in Banks.....	1,232,046 68	
	<u>\$29,585,595 27</u>	
Less: Insurance Recoveries <i>re</i> Property lost by Enemy Action, shown above.....	1,509,555 04	
		<u>28,076,040 23</u>
Deferred Charges:		
Insurance premiums and other charges paid in advance.....	\$ 316,925 72	
Discount and Expenses on Bonds of Subsidiary Companies.....	20,898 10	
		<u>337,823 82</u>
		<u><u>\$68,945,509 16</u></u>

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1943

LIABILITIES

Funded Debt:

Dominion Steel & Coal Corporation Limited—

Prior Lien Bonds:

Authorized..... \$ 3,500,000 00

Issued and held in Treasury..... \$ 1,750,000 00

6½% Cumulative Participating Registered Income Bonds (\$4,500,000.00 closed) due 1955..... \$ 4,408,000 00

Wholly Owned Subsidiaries—

Seaboard Power Corporation Limited:

4% First (Closed) Mortgage Serial Bonds due October 15, 1944..... 100,000 00

Halifax Shipyards Limited:

4% First Mortgage Serial Bonds—

Payable \$165,000.00 annually August 15, 1944-1949..... 990,000 00

The Canadian Bridge Company Limited:

First Mortgage Bonds due 1952..... \$ 1,250,000 00

Fifteen Year Debentures due 1952..... 750,000 00

\$ 2,000,000 00

Less: Redeemed through Sinking Fund..... 35,000 00

1,965,000 00

\$ 7,463,000 00

Deferred Payments on Properties..... 3,457,716 38

Reserve for Replacement of Property lost by Enemy Action..... 1,509,555 04

Special Bank Loans for Purchases of Victory Bonds for Employees, per contra..... 1,097,352 45

Bank Loans (Secured under Section 88 of the Bank Act)..... \$ 6,175,000 00

Accounts Payable and Accrued Liabilities, including Provision for Taxes. 4,196,397 88

Wages Accrued..... 534,109 79

Bond Interest Accrued..... 133,716 66

11,039,224 33

Balance Payable to:

Nova Scotia Steel & Coal Company Limited and Subsidiary Companies.....

\$ 332,822 74

Dominion Coal Company Limited and Subsidiary Companies..... 101,564 92

434,387 66

Operating and Contingent Reserves..... 3,371,278 88

Capital Stock and Surplus:

Authorized—

1,000,000 Preferred Class "A" Shares..... \$40,000,000 00

1,460,000 Common Class "B" Shares..... \$36,500,000 00

Issued—

1,039,083 Common Class "B" Shares..... \$25,977,075 00

Capital Surplus..... 6,543,729 34

Surplus from Operations..... 8,052,190 08

40,572,994 42

\$68,945,509 16

SUBMITTED WITH OUR REPORT DATED MARCH 23, 1944.

PRICE, WATERHOUSE & CO.,

Auditors.

STANDING COMMITTEE

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1942

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel & Coal Company Limited and Dominion Coal Company Limited and their respective subsidiaries)

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$32,492,382 33	
Net additions since.....	15,685,231 43	
	<hr/>	
Less: Reserve for Depreciation.....	\$48,177,613 76	
	18,122,266 36	
	<hr/>	\$30,055,348 40
Investment in Stocks and Securities of Subsidiary and Associated Companies not consolidated—		
Balance as at January 1, 1942.....		8,060,448 50
Cash in hands of Trustees for Bondholders.....		137,089 75
Insurance Recoveries <i>re</i> Property lost by Enemy Action.....		1,480,704 60
Employees Victory Loan Subscriptions Receivable:		
Secured by Dominion of Canada Bonds which in turn have been pledged with the bank as security for Special Loan.....		699,408 23
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$15,302,579 68	
Trade Accounts and Bills Receivable, less Reserve.....	6,234,970 87	
Other Accounts Receivable, less Reserve.....	1,463,566 84	
Investments.....	63,997 72	
Cash on hand and in Banks.....	1,109,912 51	
	<hr/>	24,175,027 62
Balance Receivable from:		
Nova Scotia Steel & Coal Company Limited and Subsidiary Companies.....	\$ 129,883 98	
Dominion Coal Company Limited and Subsidiary Companies.....	39,509 44	
	<hr/>	169,393 42
Deferred Charges:		
Insurance premiums and Other Charges paid in Advance.....	\$ 387,939 09	
Discount and Expenses on Bonds of Subsidiary Companies.....	27,148 30	
	<hr/>	415,087 39

\$65,192,507 91

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1942

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel & Coal Company Limited and Dominion Coal Company Limited and their respective subsidiaries)

LIABILITIES

Funded Debt:

Dominion Steel and Coal Corporation Limited—

Prior Lien Bonds:

Authorized..... \$ 3,500,000 00

Issued and held in Treasury..... \$ 1,750,000 00

6½% Cumulative Participating Registered Bonds (\$4,500,000.00 closed) due 1955... \$ 4,403,000 00

Wholly Owned Subsidiaries—

Seaboard Power Corporation Limited:

4% First (closed) Mortgage Serial Bonds—

Payable \$100,000.00 annually October 15, 1943-1944..... 200,000 00

Halifax Shipyards Limited:

4% First Mortgage Serial Bonds—

Payable \$165,000.00 annually August 15, 1943-1949..... 1,155,000 00

The Canadian Bridge Company Limited:

First Mortgage Bonds due 1952..... \$ 1,250,000 00

Fifteen year Debentures due 1952..... 75,000 00,

\$ 2,000,000 00

Less: Held by Company..... 30,000 00

1,970,000 00

\$ 7,733,000 00

Deferred Payments on Properties..... 3,545,236 61

Reserve for Replacement of Property lost by Enemy Action..... 1,480,704 60

Special Bank Loans for Purchases of Victory Bonds for Employees (per contra)..... 699,408 23

Bank Loans (secured under Section 88 of the Bank Act)..... \$ 3,700,000 00

Accounts Payable and Accrued Liabilities including Provision for Taxes... 4,425,214 51

Wages Accrued..... 516,324 47

Bond Interest Accrued..... 137,491 67

6,779,030 65

Operating and Contingent Reserves..... 3,384,519 33

Capital Stock and Surplus:

Authorized—

1,000,000 Preferred Class "A" Shares..... \$40,000,000 00

1,460,000 Common Class "B" Shares..... \$36,500,000 00

Issued—

1,039,083 Common Class "B" Shares..... \$25,977,075 00

Capital Surplus..... 6,543,729 34

Surplus from Operations, per statement attached..... 7,049,804 15

39,570,608 49

\$65,192,507 91

SUBMITTED WITH OUR REPORT DATED MARCH 31, 1944.

PRICE, WATERHOUSE & CO.

Auditors.

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIE

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1941

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel and Coal Company Limited and Dominion Coal Company Limited and their respective subsidiaries)

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$32,492,382 33	
Net additions since.....	11,911,068 88	
	<hr/>	
Less: Reserve for Depreciation.....	\$44,403,449 21	
	15,171,076 92	
	<hr/>	\$29,232,372 29
Investment in Stocks and Securities of Subsidiary and Associated Companies not consolidated.....		7,111,130 54
Cash in hands of Trustees for Bondholders.....		41,539 75
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$13,052,419 09	
Trade Accounts and Bills Receivable, less Reserve.....	5,875,458 94	
Other Accounts Receivable, less Reserve.....	275,654 09	
Investments.....	59,914 60	
Cash on hand and in banks.....	275,926 81	
	<hr/>	19,539,373 53
Balance receivable from Nova Scotia Steel and Coal Company Limited and Subsidiaries..		337,352 79
Deferred Charges:		
Insurance Premiums and Other Charges paid in advance.....	\$ 370,947 83	
Discount and Expenses on Bonds of Subsidiary Companies.....	33,398 50	
	<hr/>	404,346 33

\$56,666,115 23

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1941

This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel and Coal Company Limited and Dominion Coal Company Limited and their respective subsidiaries)

LIABILITIES

Funded Debt:

Dominion Steel and Coal Corporation Limited—

Prior Lien Bonds—

Authorized..... \$ 3,500,000 00

Issued and held in the Treasury..... \$ 1,750,000 00

6½% Cumulative Participating Registered Income Bonds (\$4,500,000.00 closed)..... \$ 4,408,000 00

Wholly Owned Subsidiaries—

Seaboard Power Corporation Limited—

4% First (closed) Mortgage Serial Bonds—

Payable \$100,000.00 annually October 15, 1942-1944..... 300,000 00

Halifax Shipyards Limited—

4% First Mortgage Serial Bonds—

Payable \$165,000.00 annually August 15, 1942-1949..... 1,320,000 00

The Canadian Bridge Company Limited—

First Mortgage Bonds due 1952..... \$ 1,250,000 00

Fifteen year Debentures due 1952..... 750,000 00

\$ 2,000,000 00

Less: Held by Company..... 30,000 00

1,970,000 00

\$ 7,998,000 00

Deferred Payments on Properties..... 498,752 81

Bank Loans..... \$ 800,000 00

Accounts Payable and Accrued Liabilities including provision for Taxes.. 4,805,197 57

Wages Accrued..... 352,979 66

Bond Interest Accrued..... 140,800 00

6,098,977 23

Balance payable to Dominion Coal Company Limited..... 428,431 93

Operating and Contingent Reserves..... 3,093,089 58

Capital Stock and Surplus:

Authorized—

1,000,000 Preferred Class "A" Shares..... \$40,000,000 00

1,460,000 Common Class "B" Shares..... \$36,500,000 00

Issued—

1,039,083 Common Class "B" Shares..... \$25,977,075 00

Capital Surplus..... 6,543,729 34

Surplus from Operations..... 6,026,059 34

38,546,863 68

\$56,666,115 23

SUBMITTED WITH OUR REPORT DATED FEBRUARY 26, 1942.

PRICE, WATERHOUSE & CO.,
Auditors.

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1940

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel and Coal Company Limited and their respective subsidiaries)

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$32,492,382 33	
Net additions since.....	9,567,795 21	
	<u>\$42,060,177 54</u>	
Less: Reserve for Depreciation.....	13,414,446 70	\$28,645,730 84
Investment in Stocks and Securities of Subsidiary and Associated Companies not consolidated.....		7,111,130 54
Cash in hands of Trustees for Bondholders.....		2,983 75
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$11,433,575 32	
Trade Accounts and Bills Receivable, less Reserve.....	7,536,555 41	
Other Accounts Receivable, less Reserve.....	276,082 47	
Investments.....	63,577 03	
Cash on hand and in banks.....	<u>122,068 27</u>	19,431,858 50
Balance receivable from Nova Scotia Steel and Coal Company Limited and Subsidiaries.		109,494 84
Deferred Charges:		
Insurance Premiums and Other Charges paid in advance.....	\$ 203,590 46	
Discount and Expenses on Bonds of Subsidiary Companies.....	<u>11,186 20</u>	214,776 66

\$55,515,975 13

DOMINION STEEL AND COAL CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1940

(This Balance Sheet does not include the Assets and Liabilities of Nova Scotia Steel and Coal Company Limited and Dominion Coal Company Limited and their respective subsidiaries)

LIABILITIES

Funded Debt:

Dominion Steel and Coal Corporation Limited—

Prior Lien Bonds—

Authorized..... \$ 3,500,000 00

Issued and held in the Treasury..... \$ 1,750,000 00

6½% Cumulative Participating Registered Income Bonds (\$4,500,000.00 Closed)
due 1955.....

\$ 4,408,000 00

Wholly Owned Subsidiaries—

Seaboard Power Corporation Limited—

4% First (Closed) Mortgage Serial Bonds—

Payable \$100,000.00 annually October 15, 1941-1944..... 400,000 00

The Canadian Bridge Company Limited—

First Mortgage Bonds due 1952..... \$ 1,250,000 00

Fifteen Year Debentures due 1952..... 750,000 00

\$ 2,000,000 00

Less: Held by Company..... 30,000 00

1,970,000 00

\$ 6,778,000 00

464,750 00

Deferred Payments on Properties.....

Bank Loans..... \$ 1,410,548 39

Accounts Payable and Accrued Liabilities including provision for Taxes. 5,515,991 17

Wages accrued..... 311,477 49

Bond Interest accrued..... 115,166 66

7,353,183 71

Balance payable to Dominion Coal Company Limited..... 1,054,589 92

Operating and Contingent Reserves..... 2,482,640 57

Capital Stock and Surplus:

Authorized—

1,000,000 Preferred Class "A" Shares..... \$40,000,000 00

1,460,000 Common Class "B" Shares..... \$36,500,000 00

Issued—

1,039,083 Common Class "B" Shares..... \$25,977,075 00

Capital Surplus..... 6,543,729 34

Surplus from Operations..... 4,862,006 59

37,382,810 93

\$55,515,975 13

SUBMITTED WITH OUR REPORT DATED APRIL 10, 1941.

PRICE, WATERHOUSE & CO.

Auditors.

STANDING COMMITTEE

DOMINION STEEL & COAL CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1939

(With the exception of Nova Scotia Steel & Coal Company Limited, and its subsidiary companies, now owned by the Corporation)

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929.....	\$32,492,382 33	
Net additions since.....	7,842,237 14	
	<hr/>	
	\$40,334,619 47	
Less: Reserve for Depreciation.....	11,946,523 45	
	<hr/>	\$28,388,096 02
Investment in Stocks and Securities of Associated Companies.....		2,178,055 54
Investment in Stocks of Subsidiary Companies not consolidated.....		4,933,075 00
Cash in hands of Trustees for Bondholders.....		56,664 80
Inventories, as certified by the Management, valued at cost or market, whichever was the lower.....	\$ 8,684,149 50	
Trade Accounts and Bills Receivable, less Reserve.....	4,500,064 44	
Other Accounts Receivable, less Reserve.....	132,605 59	
Investments.....	63,826 71	
Cash on hand and in banks.....	272,342 63	
	<hr/>	13,652,988 87
Deferred Charges:		
Insurance Premiums and Other Charges paid in advance.....	\$ 156,579 28	
Discount and Expenses on Bonds of Subsidiary Companies.....	14,136 40	
	<hr/>	170,715 68

\$49,379,595 91

DOMINION STEEL & COAL CORPORATION LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1939

(With the exception of Nova Scotia Steel & Coal Company Limited, and its subsidiary companies, now owned by the Corporation)

LIABILITIES

Funded Debt:

Dominion Steel & Coal Corporation Limited—

Prior Lien Bonds—

Authorized..... \$ 3,500,000 00

Issued and held in the Treasury..... \$ 1,750,000 00

6½% Cumulative Participating Registered Income Bonds (\$4,500,000.00 closed)
due 1955..... \$ 4,408,000 00

Wholly Owned Subsidiaries—

Seaboard Power Corporation Limited:

First (Closed) Mortgage Serial Bonds—

3½% Payable October 15, 1940..... \$ 100,000 00

4% Payable \$100,000.00 annually October 15, 1941-1944..... 400,000 00

500,000 00

The Canadian Bridge Company Limited:

First Mortgage Bonds due 1952..... \$ 1,250,000 00

Fifteen Year Debentures due 1952..... 750,000 00

\$ 2,000,000 00

Less: Held by Company..... 30,000 00

1,970,000 00

\$ 6,878,000 00

527,500 00

Deferred Payments on Properties..... \$ 725,000 00

Demand Loan (Secured)..... 1,977,408 73

Accounts Payable and Accrued Liabilities..... 170,974 14

Wages Accrued..... 109,229 16

Bond Interest Accrued..... 2,982,612 03

664,006 77

Balance payable to Dominion Coal Company Limited (Secured)..... 240,683 03

Balance payable to Subsidiary Companies not consolidated..... 1,861,356 55

Operating and Contingent Reserve.....

Capital Stock and Surplus:

Authorized—

1,000,000 Preferred Class "A" Shares..... \$40,000,000 00

1,460,000 Common Class "B" Shares..... \$36,500,000 00

Issued—

1,039,083 Common Class "B" Shares..... \$25,977,075 00

Capital Surplus..... 6,543,729 34

Surplus from Operations, as per statement attached..... 3,704,633 19

36,225,437 53

\$49,379,595 91

Contingent Liability:

The Issue of First Mortgage 5% Bonds of Cumberland Railway & Coal Company of which \$2,148,000.00 are outstanding, is guaranteed by Dominion Steel & Coal Corporation Limited.

SUBMITTED WITH OUR REPORT DATED FEBRUARY 15, 1940.

PRICE, WATERHOUSE & CO.

Auditors.

APPENDIX

Exhibit No. 26—Annual Reports of The Steel Company of Canada, Limited,
for the years 1939 to 1945.

STANDING COMMITTEE

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1939

ASSETS	
Current Assets—	
Cash on hand and in banks.....	\$ 3,007,934 63
Guaranteed call loans and deposits with trust companies and banks..	671,643 37
Dominion of Canada bonds and other securities, (market value December 31, 1939, \$7,741,000.00).....	7,513,454 82
Accounts and notes receivable, less reserve.....	5,392,782 30
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve.....	7,355,436 09
	<hr/>
	\$23,941,251 21
Investments (non current)—	
Investments in and advances to associated coal and ore mining companies.....	2,130,303 12
Fixed Assets—	
Cost of works owned and operated.....	49,746,645 23
Other Assets—	
Pension Plan—cash and investments (per contra).....	\$ 2,304,656 97
Benefit Plan—cash and investments (per contra).....	757,911 14
Shares of the company held in trust for employees.....	13,127 07
	<hr/>
	3,075,695 18
Deferred Charges—	
Taxes, insurance and other expenses paid in advance.....	48,887 01

\$78,942,781 75

Approved on behalf of the Board,

R. H. McMASTER	}	Directors.
H. H. CHAMP		

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1939

LIABILITIES			
Current Liabilities—			
Accounts payable.....	\$	2,398,572 92	
Accrued wages.....		194,292 43	
Provision for Dominion, Provincial and other taxes.....		2,160,064 99	
Unclaimed dividends.....		6,896 54	
Dividends payable February 1, 1940—			
On preference shares.....	\$	113,685 25	
On Ordinary shares.....		1,121,250 00	
			1,234,935 25
6% First Mortgage and Collateral Trust—			
Bonds, due July 1, 1940			
Authorized and issued.....	\$10,000,000 00		
Less—			
Held in treasury.....	\$	499,904 00	
Redeemed through sinking fund.....		6,919,837 83	
Re-acquired and held by company.....		235,866 15	
	\$	7,655,607 98	2,344,392 02 \$ 8,339,154 15
Appropriations for Special Purposes—			
Pension Plan Reserve (per contra).....	\$	2,304,656 97	
Benefit Plan Reserve (per contra).....		757,911 14	
			3,062,568 11
Reserves—			
Operating Reserves—			
Furnace relining and rebuilding and other operating reserves.....			2,465,112 66
Plant Reserve—			
For depreciation.....			25,839,934 20
Other Reserves—			
For betterments and replacements.....	\$	1,829,674 06	
For fire insurance.....		200,000 00	
For contingencies.....		558,999 01	
			2,588,673 07
Capital Stock—			
Authorized	Issued		
400,000	259,852	7% Cumulative Preference shares—par	
		value \$25.00 each.....	\$ 6,496,300 00
600,000	460,000	Ordinary shares—no par value.....	11,500,000 00
			17,996,300 00
Earned Surplus.....			18,651,039 56
			<u>\$78,942,781 75</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited and its subsidiary companies for the year ended December 31, 1939, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1939, according to the best of our information and the explanations given to us as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Toronto, Ontario, February 29, 1940.

Chartered Accountants, Auditors.

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1939

Profit from Operations after deducting depreciation and all expenses of manufacturing, selling and administration.....		\$ 4,648,351 21
Add		
Net income from securities.....	\$ 143,923 89	
Profit from sale of securities.....	62,375 54	
		<u>206,299 43</u>
Deduct		\$ 4,854,650 64
Interest on funded debt.....		<u>167,970 90</u>
Net Profit for the Year.....		<u><u>\$ 4,686,679 74</u></u>

The following amounts have been charged before determining the profit for the year:

Provision for depreciation.....	\$ 1,585,399 00
Provision for Dominion and Provincial income taxes, including adjustments and amount applicable to credits affecting previous years.....	1,899,569 34
Directors' fees.....	14,000 00
Remuneration of executive officers.....	199,444 00
Legal expenses.....	1,697 00

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1938.....				\$15,835,527 82
Add				
Net profit for the year ended December 31, 1939.....	\$ 4,686,679 74			
Credits applicable to previous years—				
Repair reserves no longer necessary.....	\$ 374,998 00			
Inventory adjustments.....	709,840 00			
		1,084,838 00		
Less amounts written off fixed investments.....		476,265 00		
			608,573 00	
				5,295,252 74
				\$21,130,780 56
Deduct				
Dividends declared during the year 1939—				
On preference shares at 7% per annum.....	\$ 454,741 00			
On ordinary shares—				
At \$1.75 per share.....	\$ 805,000 00			
At \$2.00 per share towards equalizing the dividends heretofore paid on the ordinary and the preference shares of the Company.....		920,000 00		
			1,725,000 00	
			\$ 2,179,741 00	
Transfer to Pension Plan Reserve (subject to confirmation by the shareholders).....			300,000 00	
				2,479,741 00
Balance at December 31, 1939.....				\$18,651,039 56

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1940

ASSETS

Current Assets—

Cash on hand and in banks.....	\$ 2,164,556 40	
Guaranteed call loans and deposits with trust companies and banks.....	877,363 88	
Dominion of Canada treasury bills, bonds and other securities, (market value December 31, 1940, \$3,950,881.08).....	3,794,389 84	
Due from employees on War Loan subscriptions, secured by Dominion of Canada bonds.....	279,991 74	
Accounts and notes receivable, less reserve.....	6,372,872 54	
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve.....	9,454,534 48	
		\$22,943,708 88

Investments (non current)—

Investments in and advances to associated coal and ore mining companies.....	2,003,301 43
--	--------------

Fixed Assets—

Cost of works owned and operated.....	54,079,528 18
---------------------------------------	---------------

Other Assets—

Benefit Plan—cash and investments (per contra).....	\$ 772,043 01	
Shares of the company held in trust for employees.....	2,846 04	
		774,889 05

Deferred Charges—

Taxes, insurance and other expenses paid in advance.....	48,562 15
--	-----------

\$79,849,989 69

Approved on behalf of the Board,

R. H. McMASTER	} Directors.
H. H. CHAMP	

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1940

LIABILITIES

Current Liabilities—			
Accounts payable.....		\$ 2,690,662 85	
Accrued wages.....		423,000 42	
Provision for Dominion, Provincial and other taxes.....		3,421,594 87	
Unclaimed dividends.....		7,708 72	
Dividends payable February 1, 1941			
On Preference shares.....	\$ 113,685 25		
On Ordinary shares.....	1,121,250 00		
		<u>1,234,935 25</u>	\$ 7,777,902 11
Plant and Operating Reserves—			
Depreciation reserve.....		\$27,405,865 08	
Furnace relining and rebuilding and other operating reserves.....		2,434,948 76	
		<u>29,840,813 84</u>	
Benefit Plan Reserve (per contra).....			772,043 01
Other Reserves—			
For betterments and replacements.....		\$ 1,829,674 06	
For fire insurance.....		200,000 00	
For contingencies.....		558,999 01	
		<u>2,588,673 07</u>	
Capital Stock—			
Authorized	Issued		
400,000	259,852	7% Cumulative Preference shares—par value	
		\$25.00 each.....	\$ 6,496,300 00
600,000	460,000	Ordinary shares—no par value.....	11,500,000 00
			<u>17,996,300 00</u>
Earned Surplus			20,874,257 00
			<u>\$79,849,989 69</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1940, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1940, according to the best of our information and the explanations given to us and as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants, Auditors.

Toronto, Ontario, February 28, 1941.

STANDING COMMITTEE

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1940

Profit from Operations after deducting depreciation and all expenses of manufacturing, selling and administration.....	\$ 4,206,094 69
Add—	
Net income from securities, and profit from sales.....	135,697 43
	<u>\$ 4,341,792 12</u>
Deduct—	
Interest on funded debt.....	77,407 74
Net Profit for the Year.....	<u><u>\$ 4,264,384 38</u></u>

The following amounts have been charged before determining the profit for the year

Provision for depreciation, including special depreciation for "War" plant and equipment.....	\$ 1,969,871 00
Provision for Dominion and Provincial income taxes and excess profits tax.....	3,005,000 00
Directors' fees.....	14,000 00
Remuneration of executive officers.....	197,444 00
Legal expenses.....	6,586 00

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1939.....			\$18,651,039 56
Add—			
Net profit for the year ended December 31, 1940.....	\$ 4,264,384 38		
Items applicable to previous years			
Inventory adjustments.....	\$ 587,060 00		
Less provision for taxes.....	148,485 28		
		438,574 72	
			4,702,959 10
			\$23,353,998 66
Deduct—			
Dividends declared during the year 1940			
On preference shares at 7% per annum.....	\$ 454,741 00		
On ordinary shares			
At \$1.75 per share.....	\$ 805,000 00		
At \$2.00 per share equalizing the dividends heretofore paid on the ordinary and the preference shares of the Company.....	920,000 00		
		1,725,000 00	
		\$ 2,179,741 00	
Contributions to Pension Trust Fund			
Initial payment.....	\$ 2,343,648 09		
Additional contribution.....	300,000 00		
	\$ 2,643,648 09		
Less—			
Transfer from Pension Plan reserve.....	2,343,648 09		
		300,000 00	
			2,479,741 00
Balance at December 31, 1940.....			\$20,874,257 66

THE STEEL COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1941

ASSETS

Current Assets—

Cash on hand and in banks	\$ 2,954,406 21	
Guaranteed call loans and deposits with trust companies and banks.	893,839 92	
Dominion of Canada treasury bills, bonds and other securities (market value December 31, 1941, \$4,830,722.83)	4,679,036 33	
Due from employees on War Loan subscriptions, secured by Dominion of Canada bonds	70,035 25	
Accounts and notes receivable, less reserve	8,066,926 96	
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve	10,076,587 17	
		<u>\$26,740,831 84</u>

Investments (non current)—

Investments in and advances to associated coal and ore mining companies	1,839,464 85
---	--------------

Fixed Assets—

Cost of works owned and operated	61,019,697 75
--	---------------

Other Assets—

Benefit Plan—cash and investments (per contra)	843,402 56
--	------------

Deferred Charges—

Taxes, insurance and other expenses paid in advance	74,609 95
---	-----------

\$90,518,006 95

Approved on behalf of the Board,
R. H. McMASTER } Directors.
H. H. CHAMP }

THE STEEL COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1941

LIABILITIES

Current Liabilities—					
Accounts payable.....			\$ 3,352,993 29		
Accrued wages.....			590,512 58		
Provision for income, excess profits and other taxes.....			4,477,496 78		
Unclaimed dividends.....			8,469 31		
Dividends payable February 2, 1942—					
On Preference shares.....		\$ 194,889 00			
On Ordinary shares.....		345,000 00			
			<u>539,889 00</u>		\$ 8,969,360 96
Loan from Dominion Government for construction of new plant facilities.			\$ 4,150,000 00		
Less repaid.....			<u>1,660,000 00</u>		2,490,000 00
Plant and Operating Reserves—					
Depreciation reserve.....			\$31,965,132 11		
Furnace relining and rebuilding and other operating reserves.....			<u>2,810,704 64</u>		34,775,836 75
Benefit Plan Reserve (per contra).....					843,402 56
Other Reserves—					
For betterments and replacements.....			\$ 1,829,674 06		
For fire insurance.....			200,000 00		
For contingencies.....			<u>558,999 01</u>		2,588,673 07
Capital Stock—					
Authorized	Issued				
400,000	259,852	7% Cumulative Preference shares (participating)—par value \$25.00 each.....	\$ 6,496,300 00		
600,000	460,000	Ordinary shares—no par value.....	<u>11,500,000 00</u>		17,996,300 00
Earned Surplus.....					22,854,433 61
					<u>\$90,518,006 95</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1941, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1941, according to the best of our information and the explanations given to us and as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants, Auditors.

Toronto, Ontario, February 28, 1942.

THE STEEL COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1941

Profit from operations after deducting depreciation and all expenses of manufacturing, selling and administration.....	\$ 4,379,353 22
Add—	
Net income from securities, and profit from sales.....	60,378 73
Net profit for the year.....	<u>\$ 4,439,731 95</u>

The following amounts have been charged before determining the profit for the year

Provision for depreciation, including special depreciation for "War" plant and equipment as authorized by the War Contracts Depreciation Board.....	\$4,742,022 00
Provision for income and excess profits taxes.....	3,520,000 00
Directors' fees.....	14,000 00
Remuneration of executive officers.....	196,737 22
Legal expenses.....	7,038 31

THE STEEL COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1940.....		\$20,874,257 66
Add—		
Net profit for the year ended December 31, 1941.....		4,439,731 95
		<u>\$25,313,989 61</u>
Deduct—		
Dividends declared during the year 1941:		
On preference shares at \$3.00 per share.....	\$ 779,556 00	
On ordinary shares at \$3.00 per share.....	1,380,000 00	
	<u>\$ 2,159,556 00</u>	
Contribution to Pension Trust Fund.....	300,000 00	
	<u>2,459,556 00</u>	
Balance at December 31, 1941.....		<u><u>\$22,854,433 61</u></u>

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1942

ASSETS	
Current Assets—	
Cash on hand and in banks.....	\$ 2,682,101 37
Dominion of Canada treasury bills, bonds and other securities, (market value December 31, 1942, \$12,138,000).....	11,997,517 82
Due from employees on War Loan subscriptions, secured by Dominion of Canada bonds.....	458,154 43
Accounts and notes receivable, less reserve.....	7,315,197 57
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve.....	9,819,959 48
	\$32,272,930 67
Investments (non current)—	
Investments in and advances to associated coal and ore mining com- panies.....	2,010,275 42
Fixed Assets—	
Cost of works owned and operated.....	63,100,501 04
Other Assets—	
Benefit Plan—cash and investments.....	861,710 35
Refundable portion of excess profits taxes.....	587,316 68
	1,449,027 03
Deferred Charges—	
Taxes, insurance and other expenses paid in advance.....	157,903 09
	\$98,990,637 25

Approved on behalf of the Board,

R. H. McMASTER }
H. H. CHAMP } *Directors.*

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1942

LIABILITIES			
Current Liabilities—			
Accounts payable.....	\$	4,540,906 85	
Accrued wages.....		222,915 82	
Provision for income, excess profits and other taxes, less paid on account.....		5,779,714 28	
Unclaimed dividends.....		9,910 52	
Dividends payable February 1, 1943—			
On Preference shares.....	\$	194,889 00	
On Ordinary shares.....		345,000 00	
		539,889 00	
Loan from Dominion Government for construction of new plant facilities.....	\$	4,170,000 00	
Less repaid.....		2,919,000 00	
		1,251,000 00	
			12,344,336 47
Plant and Operating Reserves—			
Depreciation reserve.....	\$36,466,352 44		
Furnace relining and rebuilding and other operating reserves.....	2,945,132 56		
			39,411,485 00
Benefit Plan Reserve.....			861,710 35
Other Reserves—			
Betterment and replacement.....	\$	1,829,674 06	
Fire insurance.....		200,000 00	
Contingent.....		558,999 01	
			2,588,673 07
Capital Stock—			
Authorized	Issued		
400,000	259,852	7% Cumulative Preference shares (participating)—par value \$25.00 each.....	\$ 6,496,300 00
600,000	460,000	Ordinary shares—no par value.....	11,500,000 00
			17,996,300 00
Surplus—			
Earned surplus—per statement attached.....		25,200,815 68	
Refundable portion of excess profits taxes.....		587,316 68	
			25,788,132 36
			<u>\$98,990,637 25</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1942, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1942, according to the best of our information and the explanations given to us and as shown by the books of the companies

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants, Auditors.

Toronto, Ontario, February 27, 1943.

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1942

PROFIT FROM OPERATIONS after deducting depreciation and all expenses of manufacturing, selling and administration.....	\$ 4,724,061 95
Add	
Net income from securities, and profit from sales.....	81,876 12
NET PROFIT FOR THE YEAR.....	<u>\$ 4,805,938 07</u>

The following amounts have been charged before determining the profit for the year:

Provision for depreciation, including special depreciation for "War" plant and equipment as authorized by the War Contracts Depreciation Board.....	\$ 4,597,243 14
Provision for income and excess profits taxes, including refundable portion of excess profits taxes.....	8,362,904 15
Directors' fees.....	14,000 00
Remuneration of executive officers.....	195,400 00
Legal expenses.....	9,886 51

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1941.....		\$22,854,433 61
Add		
Net profit for the year ended December 31, 1942.....		4,805,938 07
		<u>\$27,660,371 68</u>
Deduct		
Dividends declared during the year 1942		
On preference shares at \$3.00 per share.....	\$ 779,556 00	
On ordinary shares at \$3.00 per share.....	<u>1,380,000 00</u>	
	\$ 2,159,556 00	
Contribution to Pension Trust Fund.....	<u>300,000 00</u>	
		<u>2,459,556 00</u>
Balance at December 31, 1942.....		<u><u>\$25,200,815 68</u></u>

STANDING COMMITTEE

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1943

ASSETS

Current Assets—		
Cash on hand and in banks.....	\$ 2,655,951 30	
Dominion of Canada treasury bills, bonds and other securities, (market value December 31, 1943, \$16,260,000).....	16,081,283 93	
Due from employees on War Loan subscriptions, secured by Dominion of Canada bonds.....	716,212 84	
Accounts and notes receivable, less reserve.....	6,402,845 78	
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve.....	9,743,089 10	
		<u>\$35,599,382 75</u>
Investments (non current)—		
Investments in and advances to associated coal and ore mining companies.....	1,855,131 84	
Fixed Assets—		
Cost of works owned and operated.....	63,983,679 37	
Other Assets—		
Benefit Plan—cash and investments.....	\$ 871,114 92	
Refundable portion of excess profits taxes.....	885,119 06	
		<u>1,756,233 98</u>
Deferred Charges—		
Taxes, insurance and other expenses paid in advance.....	53,307 34	

\$103,247,735 28

Approved on behalf of the Board,

R. H. McMASTER,	} Directors.
H. H. CHAMP	

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1943

LIABILITIES

Current Liabilities—			
Accounts payable and accruals.....		\$ 5,006,863 25	
Provision for income, excess profits and other taxes, less paid on account.....		4,239,359 27	
Unclaimed dividends.....		13,646 18	
Dividends payable February 1, 1944—			
On Preference shares.....	\$ 194,889 00		
On Ordinary shares.....	345,000 00		
		<u>539,889 00</u>	\$ 9,799,757 70
Plant and Operating Reserves—			
Depreciation reserve.....		\$40,395,263 78	
Furnace relining and rebuilding and other operating reserves.....		<u>3,277,361 84</u>	43,672,625 62
Benefit Plan Reserve.....			871,114 92
Other Reserves—			
Betterment and replacement.....		\$ 1,829,674 06	
Fire insurance.....		200,000 00	
Contingent.....		<u>558,999 01</u>	2,588,673 07
Capital Stock—			
Authorized	Issued		
400,000	259,852	7% Cumulative Preference shares (participating)—par value \$25.00 each.....	\$ 6,496,300 00
600,000	460,000	Ordinary shares—no par value.....	<u>11,500,000 00</u>
			17,996,300 00
Surplus—			
Earned surplus—per statement attached.....		\$27,434,144 91	
Refundable portion of excess profits taxes.....		<u>885,119 06</u>	28,319,263 97
			<u>\$103,247,735 28</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1943, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1943, according to the best of our information and the explanations given to us and as shown by the books of the companies.

RIDDELL, STEAD, GRAHAM AND HUTCHISON,
Chartered Accountants, Auditors.

Toronto, Ontario, February 28, 1944.

STANDING COMMITTEE

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1943

Profit from Operations after deducting depreciation and all expenses of manufacturing, selling and administration.....	\$ 4,102,039 32
Add	
Net income from securities, and profit from sales.....	74,885 91
Net Profit for the Year.....	<u>\$ 4,176,925 23</u>

The following amounts have been charged before determining the profit for the year:

Provision for depreciation, including special depreciation for "War" plant and equipment as authorized by the War Contracts Depreciation Board.....	\$ 4,317,532 00
Provision for income and excess profits taxes, including refundable portion of excess profits taxes.....	5,189,855 99
Contribution to Pension Trust Fund.....	500,000 00
Directors' fees.....	14,000 00
Remuneration of executive officers.....	191,316 62
Legal expenses.....	11,028 41

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1942.....		\$25,200,815 68
Add		
Net profit for the year ended December 31, 1943.....	\$ 4,176,925 23	
Inventory adjustments applicable to previous years.....	215,960 00	
		<u>4,392,885 23</u>
		\$29,593,700 91
Deduct		
Dividends declared during the year 1943—		
On preference shares at \$3.00 per share.....	\$ 779,556 00	
On ordinary shares at \$3.00 per share.....	1,380,000 00	
		<u>2,159,556 00</u>
Balance at December 31, 1943.....		<u><u>\$27,434,144 91</u></u>

THE STEEL COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1944

ASSETS		
Current Assets—		
Cash on hand and in banks.....	\$ 2,437,695 75	
Dominion of Canada treasury bills, bonds and other securities (market value December 31, 1944, \$16,319,000).....	16,128,902 72	
Due from employees on War Loan subscriptions, secured by Dominion of Canada bonds.....	1,041,779 53	
Accounts and notes receivable, less reserve.....	7,250,462 27	
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve.....	8,907,049 91	
		\$ 35,765,890 18
Investments (non current)—		
Investments in and advances to associated coal and ore mining companies.....		1,660,956 12
Fixed Assets—		
Cost of works owned and operated.....		68,639,271 94
Other Assets—		
Benefit Plan—cash and investments.....	\$ 841,778 88	
Refundable portion of excess profit taxes.....	886,698 68	
		1,728,477 56
Deferred Charges—		
Taxes, insurance and other expenses paid in advance.....		62,924 36
		<u>\$ 107,857,520 16</u>

Approved on behalf of the Board,

R. H. McMASTER }
H. G. HILTON } Directors.

THE STEEL COMPANY OF CANADA, LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1944

		LIABILITIES		
Current Liabilities—				
Accounts payable and accruals.....			\$ 5,264,114 35	
Provision for income, excess profits and other taxes, less paid on account.....			2,809,308 80	
Unclaimed dividends.....			16,114 99	
Dividends payable February 1, 1945:				
On Preference shares.....		\$ 194,889 00		
On Ordinary shares.....		345,000 00		
			<u>539,889 00</u>	\$ 8,629,427 14
Plant and Operating Reserves—				
Depreciation reserve.....			\$43,743,232 05	
Furnace relining and rebuilding and other operating reserves.....			<u>3,238,166 66</u>	46,981,398 71
Benefit Plan Reserve.....				841,778 88
Other Reserves—				
Betterment and replacement.....			\$ 1,829,674 06	
Fire insurance.....			200,000 00	
Contingent.....			<u>558,999 01</u>	2,588,673 07
Capital Stock—				
Authorized	Issued			
400,000	259,852	7% Cumulative Preference shares (participating)—par value \$25.00 each.....	\$ 6,496,300 00	
600,000	460,000	Ordinary shares—no par value.....	<u>11,500,000 00</u>	17,996,300 00
Surplus—				
Earned surplus—per statement attached.....			\$29,933,243 68	
Refundable portion of excess profits taxes.....			<u>886,698 68</u>	30,819,942 36
				\$ 107,857,520 16

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1944, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1944, according to the best of our information and the explanations given to us and as shown by the books of the companies.

RIDDLEL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants, Auditors.

Toronto, Ontario, February 28, 1945.

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1944	
Profit from Operations after deducting depreciation and all expenses of manufacturing, selling and administration.....	\$ 4,559,816 73
Add	
Net income from securities, and profit from sales.....	98,838 04
Net Profit for the Year.....	<u>\$ 4,658,654 77</u>

The following amounts have been charged before determining the profit for the year:

Provision for depreciation (including special depreciation).....	\$ 3,602,134 00
Provision for income and excess profits taxes, including refundable portion of excess profits taxes.....	3,429,339 02
Contribution to Pension Trust Fund.....	300,000 00
Directors' fees.....	14,000 00
Remuneration of executive officers.....	197,400 00
Legal expenses.....	11,560 87

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1943.....		\$27,434,144 91
Add		
Net profit for the year ended December 31, 1944.....		4,658,654 77
		<u>\$32,092,799 68</u>
Deduct		
Dividends declared during the year 1944—		
Preference shares @ \$3.00 per share.....	\$ 779,556 00	
Ordinary shares @ \$3.00 per share.....	1,380,000 00	
		<u>2,159,556 00</u>
Balance at December 31, 1944.....		<u><u>\$29,933,243 68</u></u>

STANDING COMMITTEE

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1945

ASSETS

Current Assets—

Cash on hand and in banks.....	\$ 2,394,639 12	
Dominion of Canada treasury bills, bonds and other securities, (market value December 31, 1945, \$15,557,000).....	15,306,389 65	
Due from employees on War Loan subscriptions, secured by Dominion of Canada bonds.....	2,217,788 76	
Accounts and notes receivable (including \$7,468.23 due by subsidiary company), less reserve.....	5,947,373 71	
Inventories of raw materials, supplies and products, as determined and certified by responsible officials of the companies and valued at the lower of cost or market, less reserve.....	8,177,171 33	
	<hr/>	\$34,043,362 57

Investments (non current)—

Investment in subsidiary company (Ontario Forgings Limited).....	\$ 100,000 00	
Investments in and advances to associated coal and ore mining companies.....	1,841,659 97	
	<u>1,841,659 97</u>	1,941,659 97

Fixed Assets—

Cost of works owned and operated.....	75,192,989 21
---------------------------------------	---------------

Other Assets—

Benefit Plan—cash and investments.....	\$	842,063	10	
Refundable portion of excess profits taxes.....		922,258	55	
				1,764,321 65

Deferred Charges—

Taxes, insurance and other expenses paid in advance.....	69,560 26
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\$113,011,893 66

Approved on behalf of the Board,

R. H. McMASTER } *Directors.*
H. G. HILTON }

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1945

LIABILITIES

Current Liabilities—			
Accounts payable and accruals.....		\$ 4,474,897 99	
Provision for income, excess profits and other taxes, less paid on account.....		2,948,420 10	
Unclaimed dividends.....		14,196 53	
Dividends payable February 1, 1946—			
On Preference shares.....	\$ 194,889 00		
On Ordinary shares.....	345,000 00		
		<u>539,889 00</u>	\$ 7,977,403 62
Plant and Operating Reserves—			
Depreciation reserve.....		\$47,133,019 21	
Furnace relining and rebuilding and other operating reserves.....		3,378,408 88	
			<u>50,511,428 09</u>
Benefit Plan Reserve—			842,063 10
Other Reserves—			
Betterment and replacement.....		\$ 1,829,674 06	
Fire insurance.....		200,000 00	
Contingent.....		558,999 01	
			<u>2,588,673 07</u>
Capital Stock—			
Authorized	Issued		
400,000	259,852	7% Cumulative Preference Shares (participating)—par value \$25.00 each.....	\$ 6,496,300 00
600,000	460,000	Ordinary shares—no par value.....	11,500,000 00
			<u>17,996,300 00</u>
Surplus—			
Earned surplus—per statement attached.....		\$32,173,767 23	
Refundable portion of excess profits taxes.....		922,258 55	
			<u>33,096,025 78</u>
			<u>\$113,011,893 66</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Steel Company of Canada, Limited, and its subsidiary companies for the year ended December 31, 1945, and report that we have verified the cash on hand, bank balances and all securities and have obtained all the information and explanations which we have required and that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs at December 31, 1945, according to the best of our information and the explanations given to us and as shown by the books of the companies.

In accordance with the provisions of Section 114 of the Dominion Companies Act, 1934, we also report that no profits of Ontario Forgings Limited, a wholly owned subsidiary company, have been included in the attached statements.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Chartered Accountants, Auditors.

Toronto, Ontario, February 28, 1946.

STANDING COMMITTEE

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1945

Profit from Operations after deducting depreciation and all expenses of manufacturing, selling and administration.....	\$ 3,952,911 12
Add—	
Net income from securities, and profit from sales.....	206,348 43
Net Profit for the Year.....	<u>\$ 4,159,259 55</u>

The following amounts have been charged before determining the profit for the year:

Provision for depreciation (including special depreciation).....	\$ 3,436,827 42
Provision for income and excess profits taxes, including refundable portion of excess profits taxes.....	2,873,209 18
Contribution to Pension Trust Fund.....	302,472 00
Directors' fees.....	14,000 00
Remuneration of executive officers.....	201,066 68
Legal expenses.....	9,347 03

THE STEEL COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Balance at December 31, 1944.....		\$29,933,243 68
Add—		
Net profit for the year ended December 31, 1945.....	\$ 4,159,259 55	
Inventory and exchange adjustments applicable to previous years.	<u>240,820 00</u>	
		<u>4,400,079 55</u>
		<u>\$34,333,323 23</u>
Deduct—		
Dividends declared during the year 1945—		
Preference shares at \$3.00 per share.....	\$ 779,556 00	
Ordinary shares at \$3.00 per share.....	<u>1,380,000 00</u>	
		<u>2,159,556 00</u>
Balance at December 31, 1945.....	\$	<u><u>32,173,767 23</u></u>

